



FINANCIAL STATEMENTS

30 JUNE 2018

LANGEBERG MUNICIPALITY

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LANGEBERG MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
GENERAL INFORMATION

NATURE OF BUSINESS

Langeberg Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

Langeberg Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998).

JURISDICTION

The Langeberg Municipality includes the following towns and surrounding rural areas of Ashton, Bonnievale, McGregor, Montagu and Robertson

MUNICIPAL MANAGER

SA Mokweni

CHIEF FINANCIAL OFFICER

B Brown

REGISTERED OFFICE

Langeberg Municipality; 28 Main Road; Ashton; 6715

AUDITORS

Office of the Auditor General (WC)

PRINCIPAL BANKERS

ABSA; PO Box 4453; Tygervalley; 7536

RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)

Division of Revenue Act

Electricity Act (Act no 41 of 1987)

Employment Equity Act (Act no 55 of 1998)

Housing Act (Act no 107 of 1997)

Infrastructure Grants

Municipal Budget and Reporting Regulations

Municipal Finance Management Act (Act no 56 of 2003)

Municipal Planning and Performance Management Regulations

Municipal Property Rates Act (Act no 6 of 2004)

Municipal Regulations on Standard Chart of Accounts

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Systems Amendment Act (Act no 7 of 2011)

SALBC Collective Agreements

SALBC Leave Regulations

Skills Development Levies Act (Act no 9 of 1999)

Supply Chain Management Regulations, 2005

The Income Tax Act

Unemployment Insurance Act (Act no 30 of 1966)

Value Added Tax Act

Water Services Act (Act no 108 of 1997)

MEMBERS OF THE LANGEBERG MUNICIPALITY

COUNCILLORS

			WARD
Jansen, H M	Executive Mayor	DA	Proportional
Van Eeden, S W	Speaker	DA	Ward 8
Joubert, G D	Deputy Mayor	DA	Proportional
Janse, D B	Member of Mayoral Committee	DA	Ward 6
Scheffers, E M J	Member of Mayoral Committee	DA	Ward 12
Burger, J D	Member of Mayoral Committee	DA	Ward 1
Strauss, S W	Member of Mayoral Committee	DA	Ward 5
Beginsel, N J	Ordinary Councillor	DA	Ward 9
Bosjan, E	Ordinary Councillor	ANC	Proportional
Du Plessis, S	Ordinary Councillor	ICOSA	Proportional
Grootboom, C J	Ordinary Councillor	PDM	Proportional
Hess, P	Ordinary Councillor	DA	Ward 3
Januarie, J J S	Ordinary Councillor	ANC	Ward 4
Kriel, J	Ordinary Councillor	DA	Ward 7
Mafilika, J S	Ordinary Councillor	ANC	Proportional
Mangenengene, H	Ordinary Councillor	DA	Proportional
Mbi, A S	Ordinary Councillor	ANC	Proportional
Nteta, BH	Ordinary Councillor	ANC	Ward 10
Nyamana, W Z	Ordinary Councillor	COPE	Proportional
Sibili, A J	Ordinary Councillor	ANC	Ward 2
Swanepoel, L M	Ordinary Councillor	EFF	Proportional
Van Der Merwe	Ordinary Councillor	LIP	Proportional
Van Zyl, J D F	Ordinary Councillor	DA	Ward 11

(*) Disclosed on page 2 are members as at 30 June 2018, note 31 discloses all the members that served during the year under review.

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2018, which are set out on pages 8 to 127 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2019 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements were prepared on the going concern basis.]



SA Mokweni
Municipal Manager

07 September 2018

Date

LANGEBERG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2018

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the financial position of LANGEBERG MUNICIPALITY for the fiscal year 2017/2018.

In rendering a corporate financial management service to all departments, the Finance Department's primary objective is to assist the other directorates to manage their budgets and ensure the effective application of financial resources in rendering services to the community.

2. KEY FINANCIAL INDICATORS

The economic downturn, Eskom price increases and reporting compliance in relation to mSCOA continue to put strain on good financial management.

Financial Statement Ratios:

INDICATOR	30 JUNE 2018	30 JUNE 2017
Surplus / (Deficit) for the year before Appropriations	11,296,885	76,602,247
Accumulated Surplus / (Deficit) at the end of the Year	584,505,960	598,277,052
Expenditure Categories as a percentage of Total Expenses:		
Employee related costs	27.62%	27.89%
Remuneration of Councillors	1.66%	1.62%
Bad Debts Written Off	1.28%	3.91%
Depreciation and Amortisation	4.16%	4.64%
Material	10.39%	3.10%
Actuarial losses	0.05%	0.00%
Unamortised Discount - Interest paid	0.01%	0.02%
Finance Charges	1.87%	2.13%
Bulk Purchases	43.26%	47.54%
Contracted services	3.92%	3.29%
Grants and Subsidies	0.30%	0.26%
Stock Adjustments	0.00%	0.00%
General Expenses	5.49%	5.60%

It should be noted that bulk purchases for water and electricity is 43.26% of the total expenditure for 2017/2018.

3. OPERATING RESULTS

The overall operating results for the year ended 30 June 2018 are as follows:

DETAILS	Actual 2017/2018 R	Actual 2016/2017 R	Percentage Variance %	Budgeted 2017/2018 R	Variance actual/ budgeted %
Opening surplus / (deficit)	598,277,052	517,073,114	15.70%	-	
Operating income for the year (incl. gains in disposal of assets)	618,753,286	636,690,672	-2.82%	667,882,478	-7.36%
Appropriations for the year	(25,067,977)	3,892,152		-	
	1,191,962,361	1,157,655,938	2.96%	667,882,478	78.47%
Expenditure:					
Operating expenditure for the year	615,364,617	568,925,158	8.16%	649,158,682	-5.21%
Closing surplus / (deficit)	584,505,960	598,277,052			
	1,199,870,577	1,167,202,209	2.80%	649,158,682	84.83%

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment and Intangible Assets during the year amounted to R 48 888 802, and in percentage terms amounts to 80.42% of budget. Full details of Property, Plant and Equipment are disclosed in note number 13 and Intangible Assets in note number 15 to the Annual Financial Statements.

The capital expenditure of R 48 888 802 (2017/2018) was financed as follows:

DETAILS	Actual 2017/2018 R	Budgeted 2017/2018 R	Percentage Variance %	Source of funding as % of total Cap exp
Capital Replacement Reserve	21,026,023	24,572,460	-17%	46.84%
External Loans	-			
Grants and Subsidies	23,752,537	31,248,825	-32%	52.91%
Leased Assets	110,242		100%	0.25%
	44,888,802	55,821,285		100.00%

5. LONG-TERM BORROWINGS

	2018 R	2017 R
The outstanding amount of Long-term Liabilities as at 30 June was :	<u>18,658,720</u>	<u>23,674,384</u>
No new loans were taken up during the financial year to enable the municipality to finance its capital requirements.	-	-

Refer to Note number 3 and Appendix "A" for more detail.

6. NON-CURRENT PROVISIONS AND NON-CURRENT EMPLOYEE BENEFITS

Non-current Provisions and Employee Benefits at 30 June are made up as follows:	<u>114,377,080</u>	<u>112,627,206</u>
Provision for Post Retirement Benefits	51,084,796	50,185,498
Provision for Long Service Awards	9,110,689	8,679,728
Provision for Rehabilitation of Landfill-sites	54,181,595	53,761,980
	<u>114,377,080</u>	<u>112,627,206</u>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

7. CURRENT LIABILITIES

Current Liabilities are made up as follows:

Consumer Deposits	Note number 6	11,086,873	9,968,278
Current Employee benefits	Note number 7	17,754,544	14,576,647
Provisions	Note number 8	9,121,714	5,547,638
Payables from exchange transactions	Note number 9	64,490,166	71,791,433
Unspent Conditional Government Grants and Receipts	Note number 10	13,644,475	3,075,197
Unspent Public Contributions	Note number 11	684,330	684,330
Current Portion of Long-term Liabilities	Note number 3	4,516,800	5,056,160
		<u>121,298,903</u>	<u>110,699,683</u>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Note numbers for more detail.

8. INTANGIBLE ASSETS

The net value of Intangible Assets is:	<u>1,316,295</u>	<u>209,437</u>
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These are assets which cannot physically be identified and verified and are all in respect of computer software.

Refer to Note number 15 for more detail.

9. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment is:	<u>633,288,607</u>	<u>612,788,064</u>
Refer to Note number 13 for more detail.		

10. INVESTMENTS

The municipality held Investments to the value of :

Call Investment Accounts	130,034,742	95,083,394
Listed Investment	113,791	110,485
Unlisted Investments	12,850	12,336
	130,161,383	95,206,215

Refer to Note number 18 and 24 for more detail.

11. LONG-TERM RECEIVABLES

Refer to Note number 19 for more detail.

496,426 **634,415**

12. CURRENT ASSETS

Current Assets are made up as follows:

Inventory	Note number 20	22,850,263	52,556,877
Receivables from exchange transactions	Note number 21	41,368,502	47,760,198
Receivables from non-exchange transactions	Note number 22	7,239,298	7,388,042
Operating Lease Asset	Note number 23	101,600	95,823
Taxes	Note number 12	2,209,480	1,809,247
Current Portion of Long-term Receivables	Note number 19	717,010	655,465
Cash and Cash Equivalents	Note number 24	149,134,832	115,104,639
		223,620,984	225,370,292

Refer to the indicated Note numbers for more detail.

13. INTER-GOVERNMENTAL GRANTS

The municipality plays a major role in the upliftment of the poor and in sustaining and improving infrastructure for all its citizens for which it uses grants received from government and other organisations, and thus it has a big responsibility as custodian of these funds.

Refer to Note number 26 as well as Appendix D for more detail.

14. EVENTS AFTER THE REPORTING DATE

Full details of all known events after the reporting date are disclosed in Note number 54.

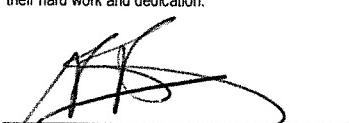
15. DISCLOSURE ISSUES

Please refer to note number 48 to 60.

16. EXPRESSION OF APPRECIATION

I am grateful to the Municipal Manager, Directors and Heads of Departments for the support they extended during the financial year.

The work involved in producing financial statements just gets more detailed each year and therefore my heartfelt thanks goes to the staff at all levels and in all departments, for their hard work and dedication.



Mr B Brown
CHIEF FINANCIAL OFFICER
07 September 2018

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

	Notes	2018 R	Restated 2017 R
NET ASSETS AND LIABILITIES			
Net Assets		640,926,963	629,630,077
Capital Replacement Reserve	2	56,421,002	31,353,026
Accumulated Surplus		584,505,960	598,277,052
Non-Current Liabilities		127,842,843	130,553,663
Long-term Borrowings	3	13,465,763	17,926,458
Non-Current Employee Benefits	4	60,195,485	58,865,226
Non-Current Provisions	5	54,181,595	53,761,980
Current Liabilities		121,298,903	110,699,683
Consumer Deposits	6	11,086,873	9,968,278
Current Employee benefits	7	17,754,544	14,576,647
Provisions	8	9,121,714	5,547,638
Trade and Other Payables from Exchange Transactions	9	64,490,166	71,791,433
Unspent Transfers and Subsidies	10	13,644,475	3,075,197
Unspent Public Contributions	11	684,330	684,330
Current Portion of Long-term Borrowings	3	4,516,800	5,056,160
Total Net Assets and Liabilities		890,068,709	870,883,423
ASSETS			
Non-Current Assets		666,447,725	645,513,131
Property, Plant and Equipment	13	633,288,607	612,788,064
Investment Property	14	26,901,486	26,951,067
Intangible Assets	15	1,316,295	209,437
Heritage Assets	16	260,000	260,000
Capitalised Restoration cost	17	4,058,270	4,547,326
Non-Current Investments	18	126,641	122,821
Non-Current Receivables	19	496,426	634,415
Current Assets		223,620,984	225,370,292
Inventory	20	22,850,263	52,556,877
Receivables from exchange transactions	21	41,368,502	47,760,198
Receivables from non-exchange transactions	22	7,239,298	7,388,042
Operating Lease Asset	23	101,600	95,823
Taxes	12	2,209,480	1,809,247
Current Portion of Non-Current Receivables	19	717,010	655,465
Cash and Cash Equivalents	24	149,134,832	115,104,639
Total Assets		890,068,709	870,883,423

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018	2017
		Actual	Restated
REVENUE			
Revenue from Non-exchange Transactions		181,036,579	196,687,070
Taxation Revenue		46,521,253	42,685,693
Property rates	25	46,521,253	42,685,693
Transfer Revenue		124,046,647	136,571,567
Government Grants and Subsidies - Capital	26	24,144,506	24,502,697
Government Grants and Subsidies - Operating	26	99,861,701	112,068,870
Contributed Property, Plant and Equipment		40,439	-
Other Revenue		10,468,679	17,429,809
Interest Earned - Non-exchange Transactions		464,514	388,891
Actuarial Gains	4	4,348,861	5,177,099
Availability fees		2,402,373	2,349,311
Fines		3,252,930	9,514,508
Revenue from Exchange Transactions		437,716,707	440,096,189
Service Charges	27	399,062,336	405,781,216
Rental from Fixed Assets		2,887,897	2,713,779
Interest Earned - external investments		10,773,393	8,886,937
Interest Earned - Exchange Transactions		2,143,978	1,778,762
Licences and Permits		1,038,901	1,502,807
Agency Services		3,929,797	3,498,222
Sales of Goods and Rendering of Services	28	16,206,578	13,298,370
Operational Revenue	29	1,615,510	2,563,566
Unamortised Discount - Interest		58,317	72,531
Total Revenue		618,753,286	636,783,258
EXPENDITURE			
Employee related costs	30	169,967,773	158,847,362
Remuneration of Councillors	31	10,202,437	9,233,663
Bad Debts Written Off	32	7,859,931	22,244,965
Depreciation and Amortisation	34	25,590,053	26,441,035
Inventory Consumed	20	63,907,534	17,659,629
Actuarial losses	4	335,235	-
Unamortised Discount - Interest paid		73,927	92,495
Finance Charges	36	11,527,664	12,138,930
Bulk Purchases	37	266,195,417	270,735,747
Contracted services	38	24,119,939	18,176,918
Grants and Subsidies	39	1,819,542	1,506,878
Operational Costs	40	33,765,165	31,847,536
Total Expenditure		615,364,617	568,925,158
Operating Surplus/(Deficit) for the Year		3,388,669	67,858,101
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		(304,545)	(1,096)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	33	331,065	9,395,800
Gains/(Loss) on disposal of Property,Plant and Equipment		7,945,336	340,377
Reversal of Impairment Loss/(Impairment Loss) on Assets	35	(67,460)	(283,314)
Profit/(Loss) on Fair Value Adjustments		3,821	1,918
NET SURPLUS/(DEFICIT) FOR THE YEAR		11,296,885	77,311,786

LANGEBERG MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018

	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	Total
	R	R	R
Balance at 01 JULY 2016	35,245,178	518,636,107	553,881,284
Correction of error (Refer Note 42)	-	(1,562,993)	(1,562,993)
Balance at 01 JULY 2016	35,245,178	517,073,114	552,318,292
Net Surplus for the year	-	77,311,786	77,311,786
Net Surplus previously reported	-	76,602,247	76,602,247
Effects of Correction of Errors (Refer Note 42)	-	709,539	709,539
Transfer to/from CRR	22,403,575	(22,403,575)	-
Property,Plant and Equipment purchased	(26,295,727)	26,295,727	-
Balance at 30 JUNE 2017	31,353,026	598,277,052	629,630,077
Net Surplus for the year	-	11,296,885	11,296,885
Transfer to/from CRR	46,094,000	(46,094,000)	-
Property,Plant and Equipment purchased	(21,026,023)	21,026,023	-
Balance at 30 JUNE 2018	56,421,002	584,505,960	640,926,963

LANGEBERG MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

		RESTATED 30 JUNE 2018	30 JUNE 2017
	Notes	R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		478,608,313	462,772,324
Government - operating		103,375,486	112,852,649
Government - capital		31,200,000	23,963,762
Interest		10,773,393	8,742,545
Payments			
Suppliers and employees		(543,641,187)	(540,346,611)
Finance charges		(2,255,686)	(2,896,726)
Transfers and Grants		(1,819,542)	(132,500)
Cash generated by operations	43	76,240,776	64,955,444
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(45,222,551)	(51,009,238)
Proceeds on Disposals		8,391,800	1,765,724
Purchase of Intangible Assets		(1,372,521)	(53,291)
Net Cash from Investing Activities		(38,203,272)	(49,296,806)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(5,125,906)	(4,590,962)
(Decrease)/Increase in Consumer Deposits		1,118,595	948,703
Net Cash from Financing Activities		(4,007,310)	(3,642,258)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		34,030,193	12,016,380
Cash and Cash Equivalents at the beginning of the year		115,104,639	103,088,259
Cash and Cash Equivalents at the end of the year	44	149,134,832	115,104,639
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		34,030,193	12,016,380

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)	
ASSETS				Explanations for material variances
Current assets				
Cash	19,100,090	49,312,989	(30,212,899)	Cash not committed moved to call investment deposits.
Call investment deposits	130,034,742	60,000,000	70,034,742	Improved cash flow management to optimise on interest revenue.
Consumer debtors	48,607,799	34,073,520	14,534,279	Consumer debtors realised more than anticipated.
Other Receivables	2,311,080	33,910,080	(31,599,000)	Other receivables realised less than anticipated.
Current portion of long-term receivables	717,010	687,186	29,824	
Inventory	22,850,263	53,598,284	(30,748,021)	Housing Work in Progress: McGregor.
Total current assets	223,620,984	231,582,059	(7,961,075)	
Non current assets				
Long-term receivables	496,426	602,695	(106,269)	
Investments	126,641	122,821	3,820	
Investment property	26,901,486	26,904,913	(3,427)	
Property, plant and equipment	637,346,877	638,936,729	(1,589,852)	Budget for Capitalised Restoration Cost included in PPE
Biological Assets	-	-	-	
Intangible Assets	1,316,295	137,392	1,178,903	
Heritage Assets	260,000	260,000	-	
Other Non-Current Assets	-	3,500,000	(3,500,000)	
Total non current assets	666,447,725	670,464,550	(4,016,825)	
TOTAL ASSETS	890,068,709	902,046,609	(11,977,900)	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	4,516,800	5,056,160	(539,360)	
Consumer deposits	11,086,873	10,466,692	620,181	
Trade and other payables	78,818,972	97,333,745	(18,514,773)	Actual trade and other payables realised lower at year end than budgeted.
Provisions and Employee Benefits	26,876,258	21,130,499	5,745,759	Liability realised higher than anticipated based on actuarial valuations.
Total current liabilities	121,298,903	133,987,096	(12,688,193)	
Non current liabilities				
Borrowing	13,465,763	13,694,211	(228,448)	
Provisions and Employee Benefits	114,377,080	118,258,566	(3,881,486)	
Total non current liabilities	127,842,843	131,952,777	(4,109,934)	
TOTAL LIABILITIES	249,141,747	265,939,873	(16,798,126)	
NET ASSETS	640,926,963	636,106,736	4,820,227	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	584,505,960	604,753,711	(20,247,751)	
Reserves	56,421,002	31,353,025	25,067,977	
TOTAL COMMUNITY WEALTH/EQUITY	640,926,963	636,106,736	4,820,227	Higher than anticipated operating surplus.

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

ADJUSTMENTS TO APPROVED BUDGET			
	2018 R (Approved Budget)	2018 R (Adjustments)	2018 R (Final Budget)
ASSETS			Explanations for material adjustments
Current assets			
Cash	49,312,989	-	49,312,989
Call investment deposits	60,000,000	-	60,000,000
Consumer debtors	34,073,520	-	34,073,520
Other Receivables	33,910,080	-	33,910,080
Current portion of long-term receivables	687,186	-	687,186
Inventory	53,598,284	-	53,598,284
Total current assets	231,582,059	-	231,582,059
Non current assets			
Long-term receivables	602,695	-	602,695
Investments	122,821	-	122,821
Investment property	26,904,913	-	26,904,913
Property, plant and equipment	638,936,729	-	638,936,729
Biological Assets	-	-	-
Intangible Assets	137,392	-	137,392
Heritage Assets	260,000	-	260,000
Other Non-Current Assets	3,500,000		3,500,000
Total non current assets	670,464,550	-	670,464,550
TOTAL ASSETS	902,046,609	-	902,046,609
LIABILITIES			
Current liabilities			
Bank overdraft	-	-	-
Borrowing	5,056,160	-	5,056,160
Consumer deposits	10,466,692	-	10,466,692
Trade and other payables	97,333,745	-	97,333,745
Provisions and Employee Benefits	21,130,499	-	21,130,499
Total current liabilities	133,987,096	-	133,987,096
Non current liabilities			
Borrowing	13,694,211	-	13,694,211
Provisions and Employee Benefits	118,258,566	-	118,258,566
Total non current liabilities	131,952,777	-	131,952,777
TOTAL LIABILITIES	265,939,873	-	265,939,873
NET ASSETS	636,106,736	-	636,106,736
COMMUNITY WEALTH			
Accumulated Surplus/(Deficit)	604,753,711	-	604,753,711
Reserves	31,353,025	-	31,353,025
TOTAL COMMUNITY WEALTH/EQUITY	636,106,736	-	636,106,736

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2018 R (Actual)	2018 R (Final Buget)	2018 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	46,521,253	50,885,510	(4,364,257)	
Property rates - penalties & collection charges	-	-	-	
Service charges	399,062,336	417,904,438	(18,842,102)	Decrease in water and electricity sales.
Rental of facilities and equipment	2,887,897	3,784,630	(896,733)	
Interest earned - external investments	10,773,393	7,174,020	3,599,373	
Interest earned - outstanding debtors	2,608,492	2,385,600	222,892	
Actuarial Gains	4,348,861	-	4,348,861	
Fair Value Adjustments	-	-	-	
Availability Fees	2,402,373	3,798,870	(1,396,497)	
Fines	3,252,930	9,597,450	(6,344,520)	
Impairment Reversal	-	-	-	
Stock Adjustments	-	155,430	(155,430)	Reversal of Impairment Allowance on Exchange and Non Exchange Transactions
Licences and permits	1,038,901	1,353,530	(314,629)	
Agency services	3,929,797	4,767,560	(837,763)	
Government Grants and Subsidies	124,046,647	147,144,700	(23,098,053)	Unspent capital grants.
Other revenue	17,880,405	10,462,170	7,418,235	
Gain on disposal of Property, Plant and Equipment	7,945,336	1,293,720	6,651,616	Actuarial Gains, Fair Value Adjustments, Availability Fees included separately on Actual Information versus Budgeted Information
Total Operating Revenue	626,698,621	660,707,628	(34,009,007)	
EXPENDITURE BY TYPE				
Employee related costs	169,967,773	175,636,539	(5,668,766)	
Remuneration of councillors	10,202,437	10,278,180	(75,743)	Savings on employee related costs due to vacant posts
Bad Debts Written Off	7,859,931	-	-	
Debt impairment	-	14,415,910	(14,415,910)	Reversal of Impairment Allowance on Exchange and Non Exchange Transactions
Depreciation & asset impairment	25,590,053	34,461,572	(8,871,519)	
Finance charges	11,527,664	10,444,681	1,082,983	
Bulk purchases	266,195,417	270,171,540	(3,976,123)	
Other materials	63,907,534	14,012,746	49,894,788	Included in other expenditure on budget schedules.
Contracted services	24,119,939	64,509,803	(40,389,864)	Repairs and maintenance unpacked and classified according to nature
Grants and Subsidies	1,819,542	8,147,161	(6,327,619)	
Other expenditure	34,211,446	53,028,180	(18,816,734)	
Loss on disposal of Property,Plant and Equipment	-	540,120	(540,120)	Housing Work in Progress McGregor, expenses only recognised once houses are handed over
Total Operating Expenditure	615,401,736	655,646,432	(40,244,696)	
Operating Surplus for the year	11,296,885	5,061,196	6,235,689	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

ADJUSTMENTS TO APPROVED BUDGET

	2018 R (Approved Budget)	2018 R (Adjustments)	2018 R (Final Budget)	2018 R Final Virements	2018 R (Final Year-end Budget)	Reasons for material adjustments
REVENUE BY SOURCE						
Property rates	50,885,510	-	50,885,510	-	50,885,510	
Property rates - penalties & collection charges	-	-	-	-	-	
Service charges	421,703,308	-	421,703,308	-	421,703,308	
Rental of facilities and equipment	3,784,630	-	3,784,630	-	3,784,630	
Interest earned - external investments	7,174,020	-	7,174,020	-	7,174,020	
Interest earned - outstanding debtors	2,385,600	-	2,385,600	-	2,385,600	
Fines	9,597,450	-	9,597,450	-	9,597,450	
Licences and permits	1,353,530	-	1,353,530	-	1,353,530	
Agency services	4,767,560	-	4,767,560	-	4,767,560	
Transfers recognised	147,144,700	-	147,144,700	-	147,144,700	
Other revenue	10,617,600	-	10,617,600	-	10,617,600	
Gains on disposal of PPE	1,293,720	-	1,293,720	-	1,293,720	
Total Operating Revenue	660,707,628	-	660,707,628	-	660,707,628	
EXPENDITURE BY TYPE						
Employee related costs	175,636,539	-	175,636,539	-	175,636,539	
Remuneration of councillors	10,278,180	-	10,278,180	-	10,278,180	
Debt impairment	14,415,910	-	14,415,910	-	14,415,910	
Depreciation & asset impairment	34,461,572	-	34,461,572	-	34,461,572	
Finance charges	10,444,681	-	10,444,681	611,235	11,055,916	
Bulk purchases	270,171,540	-	270,171,540	(80,000)	270,091,540	
Other materials	14,012,746	-	14,012,746	7,799,496	21,812,242	Transfers due to mSCOA
Contracted services	64,509,803	-	64,509,803	379,005	64,888,808	
Grants and subsidies paid	8,147,161	-	8,147,161	325,000	8,472,161	
Other expenditure	53,028,180	-	53,028,180	(9,034,736)	43,993,444	
Loss on disposal of PPE	540,120	-	540,120	-	540,120	
Total Operating Expenditure	655,646,432	-	655,646,432	-	655,646,432	
Operating Surplus/(Deficit) for the year	5,061,196	-	5,061,196	-	5,061,196	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	478,608,313	479,697,452	(1,089,139)	Actual receipts from ratepayers and other realised higher than anticipated
Government - operating	103,375,486	117,621,847	(14,246,361)	Unspent capital grants.
Government - capital	31,200,000	46,118,157	(14,918,157)	
Interest	10,773,393	7,174,020	3,599,373	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(543,641,187)	(576,044,660)	32,403,473	Actual payments to suppliers and employees realised more than budgeted
Finance charges	(2,255,686)	(10,444,681)	8,188,995	External loan will only be taken up in 2018/2019.
Transfers and Grants	(1,819,542)	(8,147,161)	6,327,619	
NET CASH FROM/(USED) OPERATING ACTIVITIES	76,240,776	55,974,974	20,265,802	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	8,391,800	753,600	7,638,200	
Decrease/(increase) in non-current receivables	-	(3,500,000)	3,500,000	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(46,595,072)	(55,286,392)	8,691,320	Under expenditure on capital budget.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(38,203,272)	(58,032,792)	19,829,520	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	1,118,595	498,414	620,181	
Payments				
Repayment of borrowing	(5,125,906)	(4,232,246)	(893,660)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(4,007,310)	(3,733,832)	-273,478	
NET INCREASE/(DECREASE) IN CASH HELD	34,030,193	(5,791,650)	39,821,843	Increase in cash held realised less than budgeted
Cash and Cash Equivalents at the beginning of the year	115,104,639	115,104,639	(0)	
Cash and Cash Equivalents at the end of the year	149,134,832	109,312,989	39,821,843	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

ADJUSTMENTS TO APPROVED BUDGET

	2018 R (Approved Budget)	2018 R (Adjustments)	2018 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	479,697,452	-	479,697,452	
Government - operating	117,621,847	-	117,621,847	
Government - capital	46,118,157	-	46,118,157	
Interest	7,174,020	-	7,174,020	
Dividends	-	-	-	
Payments	-		-	
Suppliers and Employees	(576,044,660)	-	(576,044,660)	
Finance charges	(10,444,681)	-	(10,444,681)	
Transfers and Grants	(8,147,161)	-	(8,147,161)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	<u>55,974,974</u>	<u>-</u>	<u>55,974,974</u>	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	753,600	-	753,600	
Decrease/(increase) in non-current receivables	(3,500,000)	-	(3,500,000)	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(55,286,392)	-	(55,286,392)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	<u>(58,032,792)</u>	<u>-</u>	<u>(58,032,792)</u>	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	498,414	-	498,414	
Payments				
Repayment of borrowing	(4,232,246)	-	(4,232,246)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	<u>(3,733,832)</u>	<u>-</u>	<u>(3,733,832)</u>	
NET INCREASE/(DECREASE) IN CASH HELD	<u>(5,791,650)</u>	<u>-</u>	<u>(5,791,650)</u>	
Cash and Cash Equivalents at the beginning of the year	115,104,639		115,104,639	
Cash and Cash Equivalents at the end of the year	109,312,989		109,312,989	
	<u> </u>	<u> </u>	<u> </u>	

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

In terms of Directive 7: “The Application of Deemed Cost on the Adoption of Standards of GRAP” issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the annual financial statements. The reclassification of 2017 audited amounts is set out on the face of the Statement of Financial Performance of the annual financial statements.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the notes to the annual financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2017/18 financial year and municipalities are not required to apply or early adopt GRAP 18. The implementation date of GRAP 18 is 1 April 2019.

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 20 (Original – Jun 2011)	<u>Related Party Disclosure</u> The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Municipality resolved to adopt some of the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.	1 April 2019
GRAP 32	<u>Service Concession Arrangements: Grantor</u>	1 April 2019

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

<p>(Original – Aug 2013)</p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	
<p>GRAP 108</p> <p>(Original – Sept 2013)</p> <p><u>Statutory Receivables</u></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has revolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	1 April 2019
<p>GRAP 109</p> <p><u>Accounting by Principles and Agents</u></p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2019
<p>GRAP 110</p> <p><u>Living and non-living resources</u></p> <p>The objective of this Standard is to prescribe the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2020
<p>IGRAP 17</p> <p><u>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</u></p> <p>The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p>	Unknown

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment	
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These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. RESERVES

1.9.1. *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The cash funds in the CRR can only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.10. LEASES

1.10.1. *Municipality as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2. Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

1.11. BORROWING COST

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.14. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. Unspent public contributions are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the public contribution becomes repayable to the donor due to conditions not met, the remaining portion of the unspent public

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

contribution is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.15. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

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1.16. EMPLOYEE BENEFITS

(a) Pension and Retirement Fund Obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior

periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments

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for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

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These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of

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Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(d) Ex-Gratia Pension Benefits

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as financial cost upon valuation as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(e) Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

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(f) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

(g) Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

(h) Other Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1. *Initial Recognition*

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

1.17.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.17.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

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	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	1-100	Buildings	1-100
Pedestrian Malls	1-100	Specialist vehicles	10-20
Electricity	1-80	Other vehicles	4-45
Water	1-125	Furniture and Office equipment	1-100
Sewerage	1-100	Plant and Equipment	1-40
Housing	1-105	Landfill sites	1-15
		Quarries	25
<u>Community</u>		Computer equipment	2-20
Buildings	1-105		
Recreational Facilities	7-100		
Security	5		
Halls	1-105		
Libraries	1-100		
Parks and gardens	1-100		
Other assets	7-100		
<u>Finance lease assets</u>			
Office equipment	2-22		
Other assets	2-22		

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.17.4. *De-recognition*

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5. *Land and Buildings and Other Assets – application of deemed cost (Directive 7)*

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2009.

1.18. INTANGIBLE ASSETS

1.18.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

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- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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1.18.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.18.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	Years
Computer Software	2-7
Computer Software Licenses	2-7

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

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1.18.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2009.

1.19. INVESTMENT PROPERTY

1.19.1. Initial Recognition

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

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At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.19.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.19.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at

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each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	Years
Buildings	1-100

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

1.19.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

1.20. CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that

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contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.21. HERITAGE ASSETS

1.21.1. *Initial Recognition*

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

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1.21.2. Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.21.3. Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.21.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.21.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset

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could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

1.22. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.22.1. *Cash generating assets*

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

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- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.22.2. *Non-cash-generating assets*

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;

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- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement

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cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit.

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The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.23. NON-CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1.24. INVENTORIES

1.24.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.24.2. Subsequent Measurement

Inventories, consisting of consumable stores, finished goods, housing stock, land, materials and supplies, water and work-in-progress, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction

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in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method or first-in-first-out method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

1.25. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.25.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

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1.25.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.25.2.1. Receivables

Receivables are classified as financial assets at amortised cost and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest

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income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.25.2.2. *Payables and Annuity Loans*

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.25.2.3. *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

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Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.25.2.4. *Non-Current Investments*

Investments which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.25.3. *De-recognition*

1.25.3.1. *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Municipality has transferred substantially all the risks and

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rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.25.3.2. *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-

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recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.25.4. *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.26. STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.26.1. *Initial Recognition*

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.26.2. *Subsequent Measurement*

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

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The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.26.3. Derecognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to

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exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

- i. derecognise the receivable; and
- ii. recognise separately any rights and obligations created or retained in the transfer.

1.27. REVENUE

1.27.1. *Revenue from Non-Exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

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Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. All unpaid receivables relating to traffic fines as at 30 June 2017 was written off in the 2017/2018 financial year.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by the law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

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Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

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1.27.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the

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invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property, a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

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Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

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The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.28. TRANSFER OF FUNCTIONS (Municipality as acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute),

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regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- (a) identifying the acquirer (Municipality);
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.29. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

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A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
- has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the

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reporting entity is itself such a plan, the sponsoring employers are related to the entity.

- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

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Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.30. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where

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recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.33. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.34. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuators to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate or net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.35. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.36. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.37. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.38. TAXATION

1.40.1 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

1.40.2 Deferred tax assets and liabilities

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

1.40.3 Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

		2018 R	2017 R
2	NET ASSET RESERVES		
	Capital Replacement Reserve	56,421,002	31,353,026
	Total Net Asset Reserves	56,421,002	31,353,026

The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

3 LONG-TERM BORROWINGS

Annuity Loans - At amortised cost	17,365,077	21,310,489
Capitalised Lease Liability - At amortised cost	1,293,644	2,363,894
	18,658,720	23,674,384
Current Portion transferred to Current Liabilities		
Annuity Loans - At amortised cost	4,516,800	5,056,160
Capitalised Lease Liability - At amortised cost	3,495,739	3,889,329
	14,141,920	18,618,224
Unamortised charges on loans	(676,157)	(691,767)
Balance 1 July	691,767	711,731
Adjustment for the period	(15,610)	(19,964)
Total Long-term Liabilities - At amortised cost using the effective interest rate method	13,465,763	17,926,458

3.1 The obligations under annuity loans are scheduled below:

	Minimum annuity payments
Amounts payable under annuity loans:	
Payable within one year	4,980,882
Payable within two to five years	10,745,499
Payable after five years	7,343,178
	23,069,559
Less: Future finance obligations	(5,704,482)
Present value of annuity obligations	17,365,077
	21,310,489

Annuity loans at amortised cost is calculated at 9.29% interest rate, with a maturity date of 31 March 2024.

3.2 The obligations under finance leases are scheduled below:

	Minimum lease payments
Amounts payable under finance leases:	
Payable within one year	1,154,544
Payable within two to five years	209,757
Payable after five years	-
	1,364,301
Less: Future finance obligations	(70,658)
Present value of lease obligations	1,293,644
	2,363,894

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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LONG TERM LIABILITIES (CONTINUE)

Leases are secured by property, plant and equipment - Note 13

The capitalised lease liability consist out of the following contracts:

<u>Supplier</u>	<u>Description of leased item</u>	<u>Lease Term</u>	<u>Maturity Date</u>
SASFIN	TASKalfa 3510i LH44702656	36 months	25/07/2018
SASFIN	TASKalfa 3510i LH44702681	36 months	25/07/2018
SASFIN	TASKalfa M2535 DN15267449	36 months	25/01/2019
SASFIN	TASKalfa 3551 Ci MFHK581144	36 months	25/02/2019
SASFIN	TA 5551 ci MFP (Colour) B5706424	36 months	25/01/2019
SASFIN	TA 5551 ci MFP (Colour) B5706437	36 months	25/01/2019
SASFIN	TASKalfa 5551 Ci B5706441	36 months	25/11/2018
SASFIN	TASKalfa 350i44702675	36 months	25/11/2018
SUNLYN	NEC SV8100 PABX0834143742100001	36 months	25/01/2019
SUNLYN	NEC SV8100 PABX2B0385BK700065 & A1023352100265	36 months	25/03/2019
SUNLYN	NEC SV8100 PABXITL5BE 1P 10 Units	36 months	25/05/2019
SUNLYN	Olivetti d-Copia 3513MFP	36 months	25/02/2020
SUNLYN	Olivetti d-Copia 3513MFP	36 months	25/02/2020
SUNLYN	Olivetti d-Copia 3513MFP	36 months	25/02/2020
SUNLYN	Kyocera M2535 DN	36 months	25/07/2019
SUNLYN	Kyocera M2535 DN	36 months	25/07/2020
SUNLYN	SV 8100 NEC PABX	36 months	25/01/2020
SUNLYN	List Radio Links between Towns	36 months	25/09/2019
SUNLYN	SV 8100 NEC PABX	36 months	01/11/2020
VODACOM	1 Cell phone contracts	24 months	31/07/2017
VODACOM	4 Cell phone contracts	24 months	31/10/2017
VODACOM	6 Cell phone contracts	24 months	30/11/2017
VODACOM	1 Cell phone contracts	24 months	01/04/2018
VODACOM	1 Cell phone contracts	24 months	01/05/2018
VODACOM	15 Tablets of the Councillors	24 months	01/10/2018
VODACOM	8 Tablets of the Councillors	24 months	01/12/2018

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Assets pledged as security:

A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:

- Vehicle Testing Station
- Paving

	2018 R	2017 R
NON-CURRENT EMPLOYEE BENEFITS		
Post Retirement Benefits - Refer to Note 4.1	51,084,796	50,185,498
Long Service Awards - Refer to Note 4.2	9,110,689	8,679,728
Total Non-current Employee Benefit Liabilities	60,195,485	58,865,226

Post Retirement Benefits

Balance 1 July	52,109,861	51,412,969
Contribution for the year	2,264,754	2,434,406
Interest Cost	4,936,105	4,695,585
Expenditure for the year	(1,905,809)	(1,804,155)
Actuarial Loss / (Gain)	(4,348,861)	(4,628,944)
Total post retirement benefits 30 June	53,056,050	52,109,861
Less:	(1,971,254)	(1,924,363)
Balance 30 June	51,084,796	50,185,498

4

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

Long Service Awards

Balance 1 July	9,597,679	9,377,980
Contribution for the year	825,092	829,256
Interest Cost	769,111	756,268
Expenditure for the year	(893,736)	(817,670)
Actuarial Loss / (Gain)	335,235	(548,155)
Total long service 30 June	10,633,381	9,597,679
Less:	(1,522,692)	(917,951)
Balance 30 June	9,110,689	8,679,728

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

		2018 R	2017 R
<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>			
Balance 1 July		61,707,540	60,790,949
Contribution for the year		3,089,846	3,263,662
Interest cost		5,705,216	5,451,853
Expenditure for the year		(2,799,545)	(2,621,825)
Net Actuarial Loss / (Gain)		(4,013,626)	(5,177,099)
Total employee benefits 30 June		63,689,431	61,707,540
Less:	Transfer of Current Portion - Note 7	(3,493,946)	(2,842,314)
Balance 30 June		60,195,485	58,865,226

4.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2018	2017
In-service (employee) members	179	179
In-service (employee) non-members	522	501
Continuation members (e.g. Retirees, widows, orphans)	60	60
Total Members	761	740

	2018 R	2017 R
The liability in respect of past service has been estimated to be as follows:		
In-service members	31,622,186	30,136,581
Continuation members	21,433,864	21,973,279
Total Liability	53,056,050	52,109,860

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2016 R	2015 R	2014 R
In-service members	29,611,793	29,611,793	28,192,606
Continuation members	22,776,561	22,776,561	20,910,583
Total Liability	52,388,354	52,388,354	49,103,189

	2018 Rm	2017 Rm	2016 Rm	2015 Rm	2014 Rm
Experience adjustments were calculated as follows:					
Liabilities: (Gain) / loss	(1.247)	0.956	(3.558)	(1.925)	2.680
Assets: Gain / (loss)	0.000	0.000	0.000	0.000	0.000

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
Discovery
Hosmed
LA Health
Samwumed; and
Keyhealth.

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

	2018 %	2017 %
Key actuarial assumptions used:		

The Projected Unit Credit Method has been used to value the liabilities.

i) **Rate of interest**

Discount rate	9.57%	9.65%
Health Care Cost Inflation Rate	7.40%	7.94%
Net Effective Discount Rate	2.02%	1.58%

The discount rate used is a composite of all government bonds and calculated using a technique known as "bootstrapping"

ii) **Mortality rates**

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

iii) Normal retirement age

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

iv) Expected rate of salary increases

2018/2019 - 7% + additional 0,5% for employees who earn a basic salary of R9 000 or less.

The three-year Salary and Wage Collective Agreement ends on 30 June 2021.

	2018 R	2017 R
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The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	53,056,050	52,109,861
Net liability/(asset)	53,056,050	52,109,861

The fund is wholly unfunded.

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	52,109,861	51,412,969
Total expenses	5,295,050	5,325,836
Current service cost	2,264,754	2,434,406
Interest Cost	4,936,105	4,695,585
Benefits Paid	(1,905,809)	(1,804,155)
Actuarial Loss / (Gain)	(4,348,861)	(4,628,944)
Present value of fund obligation at the end of the year	53,056,050	52,109,861
Less:	Transfer of Current Portion - Note 7	(1,971,254)
Balance 30 June	51,084,796	50,185,498

Sensitivity Analysis on the Accrued Liability

Assumption	Central Assumptions	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
		31,622	21,434	53,056	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	+1%	34,622	22,761	57,384	8%
Health care inflation	-1%	27,907	19,984	47,892	-10%
Discount rate	+1%	26,985	19,833	46,817	-12%
Discount rate	-1%	37,483	23,278	60,761	15%
Post-retirement mortality	-1 year	32,442	22,267	54,709	3%
Average retirement age	-1 year	34,028	21,434	55,462	5%
Withdrawal Rate	-10%	24,334	21,434	45,768	-14%

The following are estimates for the 2018/2019 financial year:

Future Service Cost				2,085,300
Interest Cost				4,985,300

Assumption	Change	Current-service Cost	Interest Cost	Total	% change
Health care inflation	+1%	2,322,800	5,399,000	7,721,800	9%
Health care inflation	-1%	1,779,900	4,491,500	6,271,400	-11%
Discount rate	+1%	1,731,300	4,847,000	6,578,300	-7%
Discount rate	-1%	2,542,100	5,124,500	7,666,600	8%
Post-retirement mortality	-1 year	2,138,900	5,143,500	7,282,400	3%
Average retirement age	-1 year	2,101,400	5,215,500	7,316,900	3%
Withdrawal Rate	-10%	1,525,400	4,287,800	5,813,200	-18%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

4

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

	2018	2017
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4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

	701	680
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Key actuarial assumptions used:

i) **Rate of interest**

	2018	2017
	%	%
Discount rate	8.47%	8.41%
General Salary Inflation (long-term)	6.10%	6.23%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.23%	2.05%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

The Projected Unit Credit Method has been used to value the liabilities.

	2018	2017
	R	R

The amounts recognised in the Statement of Financial Position are as follows:

	10,633,381	9,597,679
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Net liability

	10,633,381	9,597,679
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The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2016	2015	2014
	R	R	R

Total Liability

	9,377,980	9,279,667	8,470,946
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	2018	2017	2016	2015	2014
	R	R	R	R	R

Experience adjustments were calculated as follows:

	390,843	(61,820)	256,159	175,329	217,727
	0.000	0.000	0.000	0.000	0.000

	2018	2017
	R	R

Reconciliation of present value of fund obligation:

	Present value of fund obligation at the beginning of the year	9,597,679	9,377,980
	Total expenses	700,467	767,854

	Current service cost	825,092	829,256
	Interest Cost	769,111	756,268
	Benefits Paid	(893,736)	(817,670)

	Actuarial Loss / (Gain)	335,235	(548,155)
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	Present value of fund obligation at the end of the year	10,633,381	9,597,679
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	Less: Transfer of Current Portion - Note 7	(1,522,692)	(917,951)
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	Balance 30 June	9,110,689	8,679,728
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Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		10,633	
General salary inflation	+1%	11,49	+6%
General salary inflation	-1%	10,071	-5%
Discount rate	+1%	10,048	-6%
Discount rate	-1%	11,287	+6%
Average retirement age	-2 years	9,096	-14%
Average retirement age	+2 years	12,281	+15%
Withdrawal rates	-50%	12,455	+17%

The following are estimates for the 2018/2019 financial year:

	Future Service Cost	889,300
	Interest Cost	837,500

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

4

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

Assumption Central Assumptions	Change	Current-service Cost		Total	% change
		Interest Cost	Total		
General salary inflation	+1%	960,000	889,600	1,849,600	+7%
General salary inflation	-1%	826,100	789,900	1,616,000	-6%
Discount rate	+1%	831,700	881,000	1,712,700	-1%
Discount rate	-1%	954,600	787,300	1,741,900	+1%
Average retirement age	-2 years	779,100	707,300	1,486,400	-14%
Average retirement age	+2 years	1,006,500	973,300	1,979,800	+15%
Withdrawal rates	-50%	1,170,900	991,800	2,162,700	25%

4.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claimed that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosures has been made as defined in GRAP 25.31.

<u>LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)</u>	Last Actuarial Valuation	Total Assets R'000	Total Liabilities R'000	Contributing members of Langeberg Municipality
The contribution rate payable is 9% by members and 18% by Council.	June 2017	1,911,937	1,911,937	1

The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2017 disclosed an actuarial valuation amounting to R1,859,077,000 (30 June 2016 : R2,037,843,000), with a nett accumulated surplus of R46,989,000 (2016 : R67,791,000), with a funding level of 102.6% (30 June 2016 : 103.5%).

The actuarial valuation report at 30 June 2017 indicated that the defined contribution scheme of the fund is in a sound financial position, with assets amounting to R1,911,937,000.00 (30 June 2016: R1,960,970,000.00), net investment reserve of R0 (30 June 2016: R0) and with a funding level of 100% (2016: 100%). The actuary concluded that :

- The Pensioner account has a funding level of 102.6% with a surplus of R47.0 million and is in a sound financial condition as at the valuation date.
- There is a surplus of R47.0 million in The DB Section excluding the surplus in the Pensioner Account. The surplus has been allocated to The Pensioner Account.
- The overall funding level in respect of the DB Section including the Pensioner Account is 101.3% with a surplus of R47.0 million.
- The DC Section has a funding level of 100% and is in a sound financial condition.
- Overall the fund is in a sound financial condition with a surplus of R47.0 million and the overall funding level of 102.6%.
- The Trustees awarded a 3.3% pension increase effective 1 January 2018.

It is to be noted that :

- All the active members have now all been converted to the DC Section.
- There is no longer any contribution rate shortfall as this only applied to 29 residual DB Section active members, that have now also converted to the DC Section and
- Both the DC Section and the DB Section were fully funded as at the valuation date.

The nature of the assets is suitable for the Fund, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this class. The assets are appropriately matched relative to the term and nature of the active member liabilities. The Fund's investment strategy is suitable. Finally the risk benefits are partially re-insured and this is appropriate for the size and nature of the Fund.

Contributions paid recognised in the Statement of Financial Performance	26,486	24,669
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<u>CAPE RETIREMENT FUND</u>	Last Actuarial Valuation	Total Assets R'000	Total Liabilities R'000	Contributing members of Langeberg Municipality R'000
The contribution rate payable is 9% by members and 18% by Council.	June 2016	20,074,608	19,884,689	652

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

4

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

The statutory valuation performed as at 30 June 2016 revealed that the assets of the fund amounted to R20,074,608 (30 June 2015: R18,322,177,000), with funding levels of 118% and 100% (30 June 2015 112.1% and 100%) for the Share Account and the Pensions Account respectively. The Preservation Pension Account showed a surplus of R0 and was 100% funded for both 2016 & 2015. The contribution rate paid by the members (7,50%) and the municipalities (19,50%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.

Contributions paid recognised in the Statement of Financial Performance	16,129,364	<u>14,704,488</u>
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DEFINED CONTRIBUTION FUNDS

Council contributes to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

	Last Actuarial Valuation	Total Assets R'000	Total liabilities R'000	Contributing members of Langeberg Municipality
South African Local Authorities Pension Fund	July 2016	13,700,300	13,700,300	18
Municipal Workers Retirement Fund (previously SAMWU National Provident Fund)	June 2015	7,720,948	7,569,557	71

The SALA Pension Fund operates both as a defined benefit and defined contribution scheme.

The statutory valuation performed as at 1 July 2016 revealed that the assets of the fund amounted to R13,700,300.00 (30 June 2015 : R13,231,200.00), with funding levels of 100% (30 June 2015: 100%). The highest contribution rate paid by the members was 7.92% and by Council 20.78%.

The Municipal Workers Retirement Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%. From 1 July 2017, members and employers that fall under other bargaining councils or forums are not bound by the above minimum contribution rates. The statutory valuation performed as at 30 June 2017 revealed that the assets of the fund amounted to R7,720,948.00 (30 June 2011 : R6,574,75.00), with funding levels of 102.0% (30 June 2014: 111.7%). As a percentage of members' Fund Credits, the investment smoothing reserve has decreased from 5.6% to 4.9% over the valuation period. As a percentage of the market value of assets, it has decreased marginally from 4.6% to 4.4%. The Fund's assets are sufficient to cover the members' Fund Credits, the targeted levels of the risk benefits reserve and the data and processing error reserve, and an investment smoothing reserve of 4.9% of members' Fund Credits as at 30 June 2017. In addition, there is brought-forward surplus of some R152.8 million which has been allocated to former members and is awaiting payment. The Fund is therefore in a sound financial position.

Contributions paid recognised in the Statement of Financial Performance

Sala Pension Fund	537,898	532,323
SAMWU National Provident Fund	1,699,225	1,687,455
	<u>2,237,123</u>	<u>2,219,778</u>
	2018 R	2017 R

5

NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	54,181,595	53,761,980
Total Non-current Provisions	54,181,595	53,761,980

The Municipality operates on four landfill sites. The in year actual operational costs is expensed in the statement of financial performance. The provision is calculated in order to finance the rehabilitation cost of each site when it reaches 100% capacity. The expected cash flow outflow within one year is related to the McGregor and Montagu site, which reached 100% capacity and the cost is represented by the short-term portion of the non-current provision. The other landfill sites in operation are Bonnievale and Ashton.

Landfill Sites

Balance 1 July	59,309,618	55,627,947
Contribution for the year	426,990	65,854
Expenditure incurred (Interest)	3,566,702	3,615,817
Total provision 30 June	63,303,309	59,309,618
Less:	(9,121,714)	(5,547,638)
Balance 30 June	54,181,595	53,761,980

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

5

NON-CURRENT PROVISIONS (CONTINUE)

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Montagu	Bonnievale	McGregor	Ashton
Area (m ²)	17,190	28,890	35,752	44,685
Rehabilitation volume (m ³)	17,190	23,635	35,752	43,979
Fence (m)				
Total cost of rehabilitation	9,022,550	14,048,155	18,243,429	21,989,176
Decommission date	2015	2027	2015	2017

2018
R

2017
R

6

CONSUMER DEPOSITS

Municipal services		11,086,873	9,968,278
Total Consumer Deposits		11,086,873	9,968,278
Guarantees held in lieu of Electricity and Water Deposits		2,414,449	2,414,449

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

7

CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Benefits - Note 4		1,971,254	1,924,363
Current Portion of Long-Service Provisions - Note 4		1,522,692	917,951
Staff Leave		9,294,129	7,147,297
Performance Bonuses		372,671	411,482
Bonuses		4,593,798	4,175,554
Total Current Employee Benefits		17,754,544	14,576,647

The movement in current employee benefits is reconciled as follows:

7.1 Staff Leave

Balance at beginning of year		7,147,297	6,850,420
Contribution to current portion		6,378,521	4,103,970
Expenditure incurred		(4,231,689)	(3,807,093)
Balance at end of year		9,294,129	7,147,297

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

7.2 Performance Bonuses

Balance at beginning of year		411,482	350,164
Contribution / (Reversal) to current portion		368,718	377,725
Expenditure incurred		(407,530)	(316,407)
Balance at end of year		372,671	411,482

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

7.3 Bonuses

Balance at beginning of year		4,175,554	4,005,432
Contribution to current portion		8,254,988	7,638,013
Expenditure incurred		(7,836,744)	(7,467,891)
Balance at end of year		4,593,798	4,175,554

Bonuses are being paid to all permanent employed municipal staff, excluding section 57 Managers. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

8

PROVISIONS

Current Portion of Rehabilitation of Landfill-sites - Note 5		9,121,714	5,547,638
Total Provisions		9,121,714	5,547,638

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

9

TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2018 R	2017 R
Trade Payables	47,238,429	56,587,002
Payments received in advance	3,357,196	3,108,405
Retentions and Guarantees	2,594,659	2,824,037
Sundry Deposits	9,912,485	8,172,865
Sundry Creditors	1,387,396	1,099,124
Total Trade and Other Payables	64,490,166	71,791,433
Balance previously reported		70,992,637
Correction of Error - Refer to Note 42.2		798,796
Restated balance		71,791,433

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include hall, builders and other general deposits.

10

UNSPENT TRANSFERS AND SUBSIDIES

	13,644,475	3,075,197
Unspent Grants		
National Government Grants	4,981,146	104,496
Provincial Government Grants	8,014,832	2,509,258
District Municipality	648,497	461,443
Less:		
Unpaid Grants	-	-
National Government Grants	-	-
Provincial Government Grants	-	-
District Municipality	-	-
Total Conditional Grants and Receipts	13,644,475	3,075,197
Balance previously reported		3,082,897
Correction of Error - Refer to Note 42.3		(7,700)
Restated balance		3,075,197

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends. An application was sent to National Treasury that the unspent grants at 30 June 2018 be approved for roll-over and when it is approved it will be taken up in the second adjustments budget of the 2018/2019 financial year.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

11

UNSPENT PUBLIC CONTRIBUTIONS

Silwer Strand Home Owners Association	62,849	62,849
Robertson Arts and Crafts Project	621,481	621,481
Total Unspent Public Contributions	684,330	684,330

Reconciliation of public contributions:

11.1 *Silwer Strand Home Owners Association*

Opening balance	62,849	62,849
Contributions received	-	-
Conditions met - Transferred to revenue	-	-
Closing balance	62,849	62,849

The Silver Strand Home Owners Association had to make a contribution for the construction of infrastructure. The project is not yet complete.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

11 UNSPENT PUBLIC CONTRIBUTIONS (CONTINUE)

		2018 R	2017 R
11.2	<i>Robertson Arts and Crafts Project</i>		
Opening balance		621,481	621,481
Contributions received		-	-
Conditions met - Transferred to revenue		-	-
Closing balance		621,481	621,481

The money was transferred into the bank account of the municipality, this conditional grant funding is earmarked for the Robertson Arts and Crafts Project to be administered by Langeberg Municipality.

12 TAXES

12.1 VAT PAYABLE

VAT Payable	(212,064)	15,406
VAT output in suspense	7,747,144	7,111,532
<u>Less:</u> VAT portion of receivables	(4,199,768)	(3,545,209)
Total Vat payable	3,335,312	3,581,729

12.2 VAT RECEIVABLE

VAT input in suspense	5,544,793	5,390,976
Total VAT receivable	5,544,793	5,390,976

12.3 NET VAT RECEIVABLE/(PAYABLE)

VAT is receivable/payable on the cash basis. VAT is paid over to SARS only once payment is received from debtors.

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

13 PROPERTY, PLANT AND EQUIPMENT

13.1 30 JUNE 2018

Reconciliation of Carrying Value	Cost												Accumulated Depreciation and Impairment Losses												
	Opening Balance Depreciable Amount	Opening Balance Residual Values	Adjustments Original Cost	Adjustments Residual Values	Restated Opening Depreciable Amount	Restated Opening Residual Value	Additions Original Cost	Additions Residual Values	Disposals / Transfer Original Cost	Disposals / Transfer Residual Values	Adjustments	Closing Balance Cost	Accumulated Depreciation Opening Balance	Accumulated Impairments Opening Balance	Adjustments	Depreciation	Disposals / Transfer Depreciation	Impairments	Disposals / Transfer Impairment	Adjustments Impairment	Accumulated Depreciation Closing Balance	Accumulated Impairments Closing Balance	Carrying Value		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Infrastructure	551,492,647	2	-	-	551,492,647	2	32,974,690	-	(114,377)	(1)	2,338,038	586,690,999	135,105,494	20,640	-	15,027,376	(40,461)	49,248	-	(20,640)	150,092,408	49,248	436,549,343		
Electricity	131,374,503	-	-	-	131,374,503	-	7,488,607	-	-	-	-	138,863,110	40,773,108	-	-	3,408,420	-	-	-	-	-	44,181,528	-	94,681,581	
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Roads	121,643,338	-	-	-	121,643,338	-	332,138	-	-	-	-	121,975,476	39,117,748	-	-	3,486,864	-	-	-	-	-	42,604,612	-	79,370,864	
Sewerage	89,660,996	1	-	-	89,660,996	1	3,428,742	-	(57,119)	(1)	-	93,032,618	18,641,313	-	-	2,797,921	(20,360)	-	-	-	-	21,418,874	-	71,613,745	
Waste Management	26,348,983	-	-	-	-	-	-	-	(3,300)	-	-	26,345,683	2,830,770	-	-	1,073,248	(3,152)	49,248	-	-	-	3,900,867	49,248	22,395,568	
Water	136,802,400	1	-	-	136,802,400	1	26,659,325	-	(53,958)	-	-	163,407,767	28,967,876	20,640	-	3,692,676	(16,950)	-	-	-	-	32,643,603	-	130,764,165	
Storm Water	26,931,990	-	-	-	-	-	27,936	-	-	-	-	27,205,927	4,774,678	-	-	568,246	-	-	-	-	-	5,342,924	-	21,863,002	
Capital Spares Electricity	2,092,595	-	-	-	-	-	-	-	-	-	-	2,455,536	4,548,130	-	-	-	-	-	-	-	-	-	-	-	4,548,130
Capital Spares Water	380,734	-	-	-	-	-	-	-	(117,497)	-	-	263,237	-	-	-	-	-	-	-	-	-	-	-	-	263,237
Work in Progress	16,257,109	-	-	-	16,257,109	-	(5,208,058)	-	-	-	-	11,049,051	-	-	-	-	-	-	-	-	-	-	-	-	11,049,051
Community Assets	112,793,455	-	-	-	112,793,455	-	2,430,572	-	(104,142)	-	-	115,119,885	21,305,730	200,000	-	2,094,702	(14,176)	-	-	-	-	23,386,256	200,000	91,533,629	
Airfield	19,434	-	-	-	19,434	-	-	-	-	-	-	19,434	19,062	-	-	357	-	-	-	-	-	19,419	-	15	
Cemeteries	2,777,496	-	-	-	2,777,496	-	-	-	-	-	-	2,777,496	1,260,466	-	-	82,325	-	-	-	-	-	1,342,792	-	1,434,704	
Clinics	1,066,000	-	-	-	1,066,000	-	-	-	-	-	-	1,066,000	279,843	-	-	44,863	-	-	-	-	-	324,705	-	741,295	
Community halls	15,843,454	-	-	-	15,843,454	-	339,666	-	(12,946)	-	-	16,170,174	3,316,728	-	-	217,036	-	-	-	-	-	3,533,764	-	12,636,409	
Fire, safety & emergency	1,078,870	-	-	-	1,078,870	-	-	-	-	-	-	1,078,870	429,771	-	-	45,646	-	-	-	-	-	475,417	-	603,454	
Libraries	17,231,165	-	-	-	17,231,165	-	132,717	-	-	-	-	17,363,882	3,833,125	-	-	498,314	-	-	-	-	-	4,331,439	-	13,032,443	
Museums & Art Galleries	433,000	-	-	-	433,000	-	-	-	-	-	-	433,000	77,520	-	-	4,305	-	-	-	-	-	81,825	-	351,175	
Other	40,611,211	-	-	-	40,611,211	-	100,279	-	(77,000)	-	-	40,634,491	2,623,724	200,000	-	419,520	-	-	-	-	-	3,043,244	200,000	37,391,247	
Parks & Gardens	12,703,152	-	-	-	12,703,152	-	-	-	-	-	-	12,703,152	2,170,488	-	-	161,400	-	-	-	-	-	2,331,888	-	10,371,264	
Recreation facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sport fields & stadia	19,606,463	-	-	-	19,606,463	-	87,399	-	(14,196)	-	-	19,679,667	6,806,883	-	-	594,039	(14,176)	-	-	-	-	7,386,746	-	12,292,921	
Swimming pools	826,564	-	-	-	826,564	-	-	-	-	-	-	826,564	488,121	-	-	26,897	-	-	-	-	-	515,018	-	311,546	
Work in Progress	596,647	-	-	-	596,647	-	1,770,510	-	-	-	-	2,367,157	-	-	-	-	-	-	-	-	-	-	-	-	2,367,157
Leased Assets	1,473,718	-	-	-	1,473,718	-	110,242	-	(82,534)	-	-	1,501,426	392,256	-	-	537,261	(82,534)	-	-	-	-	846,982	-	654,443	
Office Equipment (Lease)	1,473,718	-	-	-	1,473,718	-	110,242	-	(82,534)	-	-	1,501,426	392,256	-	-	537,261	(82,534)	-	-	-	-	846,982	-	654,443	
Other Assets	141,078,371	11,139,355	-	-	141,078,371	11,139,355	7,098,982	901,796	(3,512,585)	(95,934)	-	156,609,985	47,389,536	775,825	-	7,175,682	(3,059,765)	38,852	(261,337)	-	-	51,505,453	553,340	104,551,192	
Computer hardware/equipment	16,513,720	28	-	-	16,513,720	28	1,284,587	-	(1,992,313)	(15)	-	15,806,007	7,647,858	100,896	-	1,784,684	(1,800,342)	20,177	(98,831)	-	-	7,632,200	22,241	8,151,565	
Furniture & office equipment	9,609,063	58,281	-	-	9,609,063	58,281	210,616	-	(331,152)	(14)	-	9,546,793	4,614,874	14,139	-	1,176,158	(280,540)	6,860	(13,453)	-	-	5,510,492	7,547	4,028,755	
General Vehicles	32,721,391	9,632,174	-	-	32,721,391	9,632,174	1,768,088	828,478	(322,238)	(95,886)	-	44,532,007	15,171,651	131,265	-	2,226,567	(286,858)	-	(131,265)	-	-	17,111,360	-	27,420,647	
Other	4,692,246	-	-	-	4,692,246	-	1,822,413	-	-	-	-	6,714,660	323,210	-	-	26,135	-	-	-	-	-	349,345	-	6,365,315	
Other Buildings	55,430,356	1	-	-	55,430,356	1	583,627	-	(73,584)	-	-	55,940,400	7,674,708	511,737	-	561,408	(21,731)	-	-	-	-	8,214,385	511,737	47,214,279	
Specialised Vehicles	3,924,298	954,721	-	-	3,924,298	954,721	585,980	73,318	-	-	-	5,538,317	2,557,906	-	-	204,429	-	-	-	-	-	2,762,336	-	2,775,981	
Plant & Equipment	17,987,297	494,151	-	-	17,987,297	494,151	843,670	-	(793,986)	(19)	-	18,531,802	9,399,328	17,787	-	1,196,300	(670,293)	11,815	(17,787)	-	-	9,925,335	11,815	8,594,652	
	806,838,191	11,139,357	-	-	806,838,191	11,139,357	42,614,485	901,796	(3,813,638)	(95,935)	-	2,338,038	859,922,294	204,193,016	996,465	-	24,835,019	(3,196,936)	88,100	(261,337)	-	(20,640)	225,831,099	802,588	633,288,607

13 PROPERTY, PLANT AND EQUIPMENT

13.2 30 JUNE 2017

Reconciliation of Carrying Value	Cost												Accumulated Depreciation and Impairment Losses																	
	Opening Depreciable Amount	Opening Residual Values	Adjustments Original Cost	Adjustments Residual Values	Restated Opening Balance		Restated Depreciable Amount		Additions Original Cost		Additions Residual Values		Disposals / Transfer Original Cost		Disposals / Transfer Residual Values		Adjustments	Closing Balance Cost	Accumulated Depreciation Opening Balance	Accumulated Impairments Opening Balance	Depreciation	Disposals / Transfer	Impairments	Adjustments Accumulated Depreciation	Adjustments Accumulated Impairments	Accumulated Depreciation Closing Balance	Accumulated Impairments Closing Balance	Carrying Value		
					R	R	R	R	R	R	R	R	R	R	R	R														
Land and Buildings	91,399,504	1	-	-	91,399,504	1	4,000,483	-	-1,174,613	-	(94,225,375)	-	8,209,272	203,340	858,999	(23,391)	-	(9,044,880)	(203,340)	-	-	-	-	-	-	-	-			
Land	58,230,214	-	(110,100)	-	58,120,114	-	-	-	-1,019,347	-	-57,100,767	-	-	200,000	-	-	-	-	(200,000)	-	-	-	-	-	-	-	-			
Buildings	33,169,290	1	110,100	-	33,279,390	1	3,919,983	-	-155,266	-	-37,044,108	-	8,209,272	3,340	858,999	(23,391)	-	(9,044,880)	(3,340)	-	-	-	-	-	-	-	-			
Work in Progress	-	-	-	-	-	-	-	-	-80,500	-	-80,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Infrastructure	519,214,777	2	(110,866)	-	519,103,911	2	30,574,119	-	-202,905	-	2,017,322	551,492,649	121,503,561	508,397	13,558,836	(138,245)	20,640	181,342	(508,397)	135,105,494	20,640	416,366,515	-	-	-	-	-			
Electricity	128,005,856	-	(24,379)	-	127,981,477	-	2,371,659	-	-	-	1,021,367	131,374,503	37,261,834	-	3,281,744	-	-	-	229,530	40,773,108	-	90,601,395	-	-	-	-	-			
Electricity capital spares	2,092,595	-	(117,001)	-	1,975,594	-	-	-	-	-	117,001	2,092,595	-	-	-	-	-	-	-	-	-	-	2,092,595	-	-	-	-	-		
Housing	5,879,200	-	-	-	5,879,200	-	-	-	-3,000	-	-5,876,200	-	320,838	508,397	9,719	-	-	(330,557)	(508,397)	-	-	-	-	-	-	-	-			
Roads	136,527,376	-	(152,764)	-	136,374,612	-	493,418	-	-90,840	-	-15,133,852	121,643,338	36,738,197	-	3,841,473	(79,499)	-	(1,382,423)	39,117,748	-	82,525,589	-	-	-	-	-				
Sewerage	65,122,854	1	-	-	65,122,854	1	21,498,772	-	-	-	3,039,369	89,660,997	16,088,317	-	1,960,769	-	-	592,227	18,641,313	-	71,019,684	-	-	-	-	-				
Waste Management	19,992,800	-	-	-	19,992,800	-	13,760,494	-	-	-	-7,404,311	26,348,983	4,906,055	-	942,010	-	-	(3,017,295)	2,830,770	-	23,518,212	-	-	-	-	-				
Storm Water	-	-	-	-	-	-	-	-	-	-	-	26,931,990	26,931,990	-	-	-	-	-	4,774,678	4,774,678	-	22,157,312	-	-	-	-	-			
Water	135,619,794	1	-	-	135,619,794	1	1,788,783	-	-109,064	-	-497,113	136,802,401	26,188,319	-	3,523,121	(58,746)	20,640	(684,819)	28,967,876	20,640	107,813,885	-	-	-	-	-				
Water capital spares	380,734	-	3,586	-	384,320	-	-	-	-	-	-3,586	380,734	-	-	-	-	-	-	-	-	-	380,734	-	-	-	-	-			
Work in Progress	25,593,568	-	179,692	-	25,773,260	-	-9,339,008	-	-	-	-177,143	16,257,109	-	-	-	-	-	-	-	-	-	16,257,109	-	-	-	-	-			
Community Assets	74,373,612	-	-	-	74,373,612	-	5,107,766	-	-85,000	-	33,397,077	112,793,455	18,034,358	-	1,772,994	(15,278)	-	1,513,656	200,000	21,305,730	200,000	91,287,725	-	-	-	-	-			
Airfield	243,058	-	-	-	243,058	-	-	-	-	-	(223,624)	19,434	41,376	-	7,811	-	-	(30,125)	19,062	-	372	-	-	-	-	-	-			
Cemeteries	2,494,252	-	-	-	2,494,252	-	-	-	-	-	283,244	2,777,496	1,096,891	-	98,002	-	-	65,574	1,260,466	-	1,517,030	-	-	-	-	-	-	-		
Clinics	2,955,191	-	49,000	-	3,004,191	-	-	-	-85,000	-	(1,853,191)	1,066,000	606,663	-	62,925	(15,278)	-	(374,467)	279,843	-	786,158	-	-	-	-	-	-	-		
Community halls	16,086,304	-	-	-	16,086,304	-	-	-	-	-	(242,850)	15,843,454	3,193,892	-	194,972	-	-	(72,135)	3,316,728	-	12,526,726	-	-	-	-	-	-	-		
Fire, safety & emergency	681,144	-	-	-	681,144	-	-	-	-	-	397,726	1,078,870	303,390	-	30,755	-	-	95,627	429,771	-	649,100	-	-	-	-	-	-	-		
Libraries	8,701,023	-	(1,388,490)	-	7,312,533	-	4,375,371	-	-	-	5,543,261	17,231,165	2,715,813	-	245,178	-	-	872,134	3,833,125	-	13,398,040	-	-	-	-	-	-	-		
Museums & Art Galleries	595,166	-	-	-	595,166	-	-	-	-	-	(162,166)	433,000	121,940	-	8,884	-	-	(53,304)	77,520	-	355,480	-	-	-	-	-	-	-		
Other	9,821,482	-	-	-	9,821,482	-	-	-	-	-	30,789,730	40,611,211	1,344,693	-	328,364	-	-	950,667	200,000	2,623,724	200,000	37,787,488	-	-	-	-	-	-	-	
Parks & Gardens	11,573,771	-	-	-	11,573,771	-	-	-	-	-	1,129,381	12,703,152	1,404,771	-	119,826	-	-	645,891	-	2,170,488	-	10,532,664	-	-	-	-	-	-	-	
Recreation facilities	1,729,213	-	-	-	1,729,213	-	-	-	-	-	(1,729,213)	-	-	-	1,207,879	-	-	56,331	-	(1,264,210)	-	-	-	-	-	-	-	-		
Sport fields & stadia	15,908,058	-	(453,118)	-	15,454,940	-	135,749	-	-	-	4,015,774	19,606,463	4,459,985	-	506,300	-	-	1,840,597	6,806,883	-	12,799,580	-	-	-	-	-	-	-		
Swimming pools	3,468,269	-	-	-	3,468,269	-	-	-	-	-	(2,641,706)	826,564	1,537,067	-	113,646	-	-	(1,162,593)	488,121	-	338,443	-	-	-	-	-	-	-		
Work in Progress	116,683	-	1,792,607	-	1,909,290	-	596,647	-	-	-	(1,909,290)	596,647	-	-	-	-	-	-	-	-	-	596,647	-	-	-	-	-	-	-	
Leased Assets	2,237,884	-	-	-	2,237,884	-	1,391,184	-	-184,832	-	-1,970,518	1,473,718	360,531	-	1,048,837	(159,498)	-	(857,614)	-	392,256	-	1,081,462	-	-	-	-	-	-	-	
Office Equipment (Lease)	2,237,884	-	-	-	2,237,884	-	1,391,184	-	-184,832	-	(1,970,518)	1,473,718	360,531	-	1,048,837	(159,498)	-	(857,614)	-	392,256	-	1,081,462	-	-	-	-	-	-	-	
Other Assets	71,174,215	9,825,142	(5,816)	-	71,168,399	9,825,142	9,886,928	1,314,212	-835,793	-22,456	60,781,294	152,217,726	34,283,086	1,413	5,669,903	(770,946)	262,674	8,207,496	511,737	47,389,539	264,088	104,052,362	-	-	-	-	-	-	-	-
Computer hardware/equipment	14,400,924	27	-	-	14,400,924	27	1,376,909	-	-79,384	-	815,272	16,513,748	6,165,941	1,413	1,269,323	(34,418)	99,723	246,905	-	7,847,752	101,136	8,764,860	-	-	-	-	-	-	-	-
Furniture & office equipment	7,952,059	255	(5,816)	-	7,946,243	255	1,645,559	58,047	-717,678	-	734,917	9,667,343	3,795,628	-	1,157,016	(695,749)	14,884	356,938	-	4,614,732	14,884	5,037,727	-	-	-	-	-	-	-	-
General Vehicles	21,858,276	7,437,292	-	-	21,858,276	7,437,292	5,200,883	1,256,165	-31,590	-22,456	6,654,995	42,353,565	11,105,384	-	1,471,444	(23,993)	131,265	2,618,816	-	15,171,651	131,265	27,050,648	-	-	-	-	-	-	-	-
Other	2,377,691	207,942	-	-	2,377,691	207,942	9,690	-	-	-	2,296,924	4,892,246	282,553	-	231,690	-	-	(191,032)	323,210	-	4,569,036	-	-	-	-	-	-	-	-	
Other Buildings	1,260,505	-	-	-	1,260,505	-	-	-	-	-	54,169,852	55,430,357	57,123,0	-	36,260	-	-	7,067,217	511,737	7,674,708	511,737	47,243,912	-	-	-	-	-	-	-	-
Specialised Vehicles	3,924,298	954,721	-	-	3,924,298	954,721	-	-	-	-	4,879,018	2,361,820	-	1,96,067	-	-	-	-	-	-	2,557,906	-	2,321,112	-	-	-	-	-	-	-
Plant & Equipment	19,400,463	1,224,906	-	-	19,400,463	1,224,906	1,753,887	-	-7,141	-	(3,890,666)	18,481,448	9,999,631	-	1,308,063	(16,787)	16,802	(1,891,348)	9,399,579	-</td										

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R
13	PROPERTY, PLANT AND EQUIPMENT (CONTINUE)		
13.3	Property, Plant and Equipment which is in the process of being constructed or developed:		
	Infrastructure Assets	11,049,051	16,257,109
	Roads	2,843,512	1,419,358
	Storm Water	-	-
	Electricity	280,300	2,499,774
	Water Supply	6,981,950	8,369,877
	Sanitation	943,288	3,968,100
	Solid Waste	-	-
	Rail	-	-
	Coastal	-	-
	Information and Communication	-	-
	Community Assets	2,367,157	713,329
	Other Assets	1,902,913	80,500
	Total Property, Plant and Equipment under construction	13,416,208	17,050,938
13.4	There are no Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected.		
13.5	Property, Plant and Equipment where construction or development has been halted:		
	Infrastructure Assets	753,036	-
	Roads	-	-
	Storm Water	-	-
	Electricity	-	-
	Water Supply	-	-
	Sanitation	-	-
	Solid Waste	-	-
	Rail	-	-
	Coastal	-	-
	Information and Communication	-	-
	Community Assets	-	-
	Other Assets	-	-
	Total	753,036	-
	The project has been halted due to an ongoing road project that must first be completed. No indicators of impairment has been identified.		
13.6	Expenditure incurred to repair and maintain Property, Plant and Equipment:		
	Employee related costs	318,036	905,203
	Other materials	6,207,037	9,434,546
	Contracted Services	8,586,679	6,223,519
	Other Expenditure	1,235,958	104,451
	Total Repairs and Maintenance	16,347,710	16,667,720
13.7	Assets pledged as security:		
	A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:		
	- Vehicle Testing Station		
	- Paving		
13.8	Effect of changes in accounting estimates		
	During the current year useful lives of Property, Plant and Equipment were re-assessed. The effect of current as well as future periods are as follows:		
		2018	2019
	Effect on Accumulated Surplus - Decrease/(Increase) in depreciation	320,265	320,265
	Increase/(Decrease) in Accumulated Depreciation: PPE	(320,265)	(320,265)
		2020	
		320,265	320,265

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
14 INVESTMENT PROPERTY		
Net Carrying amount at 1 July	26,951,067	27,040,649
Cost	28,784,905	28,824,905
Accumulated Depreciation	(1,833,838)	(1,784,256)
Accumulated Impairment	-	-
Disposals	(40,000)	(40,000)
Depreciation for the year	(49,582)	(49,582)
Net Carrying amount at 30 June	26,901,486	26,951,067
Cost	28,784,905	28,784,905
Accumulated Depreciation	(1,883,419)	(1,833,838)
Accumulated Impairment	-	-
Balance previously reported	26,971,067	
Correction of Error - Refer to Note 42.5	(20,000)	
Restated balance	26,951,067	

There are no Investment Property which is in the process of being constructed or developed.

There are no Investment Property that is taking a significantly longer period of time to complete than expected.

There are no Investment Property where construction or development has been halted.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

14.1 Revenue from Investment Property

Revenue derived from the rental of investment property	1,566,715	1,187,838
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14.2 Operating Expenditure incurred on properties:

Other Operating expenditure incurred on properties	2,776,091	3,967,335
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Repairs and Maintenance incurred on properties:

Revenue Generating	202,453	7,597
Improved Property	202,453	7,597
Unimproved Property	-	-
Total Repairs and Maintenance	202,453	7,597

15 INTANGIBLE ASSETS

Net Carrying amount at 1 July	209,437	210,328
Cost	1,059,134	1,005,843
Accumulated Amortisation	(849,697)	(795,515)
Acquisitions	1,372,521	53,291
Amortisation	(265,663)	(54,182)
Disposals	-	-
Net Carrying amount at 30 June	1,316,295	209,437
Cost	2,431,655	1,059,134
Accumulated Amortisation	(1,115,360)	(849,697)

The following material intangible assets are included in the carrying value above:

	<u>Description</u>	<u>Carrying Value</u>
Microsoft Office	654,166	103,146
Replication Software	36,131	-
Internal Audit and Risk Management Software	494,527	-
Software Bytes NBD	8,029	29,191
Omron Scda Software - Vehicle Testing	16,485	24,100
Servitude Bonnievale	53,000	53,000
Total	1,262,338	209,437

Only the Bonnievale Servitude was assessed as an intangible asset having an indefinite useful life. As it is a right to use a piece of land impairment assessment annually is considered but not deemed necessary.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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INTANGIBLE ASSETS (CONTINUE)

There are no internally generated intangible assets at reporting date. There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

There are no Intangible Assets which is in the process of being constructed or developed.

There are no Intangible Assets that is taking a significantly longer period of time to complete than expected.

There are no Intangible Assets where construction or development has been halted.

There are no contractual commitments for the acquisition of intangible assets.

2018	2017
R	R

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HERITAGE ASSETS

Net Carrying amount at 1 July	260,000	649,000
Cost	649,000	649,000
Accumulated Impairment	(389,000)	(389,000)
Acquisitions	-	-
Impairments	-	-
Net Carrying amount at 30 June	260,000	260,000
Cost	649,000	649,000
Accumulated Impairment	(389,000)	(389,000)

The Museum collapsed on 26 August 2014 when maintenance work was done by a contractor. The municipality instituted legal proceedings against the contractor to recover costs to reinstate the building.

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

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CAPITALISED RESTORATION COST

Net Carrying amount at 1 July	4,547,326	7,957,403
Cost	50,124,537	50,107,091
Accumulated Depreciation	(32,184,780)	(28,757,257)
Accumulated Impairments	(13,392,431)	(13,392,431)
Acquisitions / Additions	-	-
(Decrease)/Increase in asset value	(49,264)	17,445
Depreciation for the year	(439,792)	(3,427,522)
Impairment for the year	-	-
Net Carrying amount at 30 June	4,058,270	4,547,326
Cost	50,075,272	50,124,537
Accumulated Depreciation	(32,624,572)	(32,184,780)
Accumulated Impairments	(13,392,431)	(13,392,431)

The impairment on the landfill sites is as result of the rehabilitation requirements, but the Montagu and McGregor sites have already reached their economic useful lives.

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NON-CURRENT INVESTMENTS

Listed Investments	113,791	110,485
Unlisted Investments	12,850	12,336
Total Non-Current Investments	126,641	122,821

Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to these shares.

The listed shares represent 270 Sanlam Shares and 685 Distell Shares and Unlisted Shares represent 1028 KVV Shares (LA Concorde) held at fair value, available for sale.

The market value per share at year end: Sanlam Shares	70.07	64.80
The market value per share at year end: La Concorde Holdings	12.50	12.00
The market value per share at year end: Capevin Shares	-	9.05
The market value per share at year end: Distell Shares	138.50	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R
19	NON-CURRENT RECEIVABLES		
	Provincial Government Housing Loans - At amortised cost	374,094	365,196
	Staff Study loans - At amortised cost	108,352	139,551
	Services connections - At amortised cost	459,911	520,610
	Short-term Installments	271,079	264,524
	Agreements with Consumer Debtors	<u>13,408,004</u>	<u>13,430,508</u>
	<u>Less:</u> Current portion transferred to current receivables	<u>14,621,440</u>	<u>14,720,389</u>
		<u>(717,010)</u>	<u>(655,465)</u>
	<u>Less:</u> Provision for Impairment	<u>13,904,430</u>	<u>14,064,924</u>
	Total Long Term Receivables	<u>496,426</u>	<u>634,415</u>
	HOUSING LOANS		
	The Provincial Government Housing Loans are receivable from various customers. When tested for impairment management determined that none of the financial assets are individually significant therefore impairment was performed on a group basis.		
	SERVICES CONNECTIONS		
	The Services connections are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.		
	LAND SALES		
	The Land sales are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.		
	AGREEMENTS WITH CONSUMER DEBTORS		
	The agreements with consumer debtors are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.		
	Reconciliation of Provision for Bad Debts		
	Balance at beginning of year	13,430,508	15,750,841
	Contribution to provision/(Reversal of provision)	<u>(22,504)</u>	<u>(2,320,333)</u>
	Balance at end of year	<u>13,408,004</u>	<u>13,430,508</u>
20	INVENTORY		
	Maintenance Materials - At cost	8,756,480	7,385,870
	Compost – at cost	64,933	127,636
	Water – at cost	220,694	149,537
	Low Cost Housing	<u>13,808,157</u>	<u>44,893,833</u>
	Total Inventory	<u>22,850,263</u>	<u>52,556,877</u>
	Balance previously reported		52,547,337
	Correction of Error - Refer to Note 42.6		9,540
	Restated balance		<u>52,556,877</u>
	The municipality recognised only purification costs in respect of non-purchased purified water inventory.		
	Consumable stores materials written down due to damages as identified during the annual stores counts.	<u>3,558</u>	<u>3,220</u>
	Consumable stores materials (shortages)/surpluses identified during the annual stores counts.	<u>(2,167)</u>	<u>202</u>
	Inventory recognised as an expense during the year	<u>63,907,534</u>	<u>17,659,629</u>
	Write down of inventory to the lower of Cost or Net Realisable Value	<u>39,890</u>	<u>25,844</u>
21	RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Electricity	20,948,126	21,261,204
	Water	8,924,548	7,505,642
	Refuse	5,170,861	4,138,023
	Sewerage	6,693,529	5,526,934
	Housing Rentals	585,871	560,346
	Other Receivables	2,375,030	4,090,414
	Prepaid Expenses	651,075	122,821
	Other	<u>13,723,837</u>	<u>19,253,605</u>
	Total Receivables from Exchange Transactions	<u>59,072,876</u>	<u>62,458,989</u>
	<u>Less:</u> Provision for Impairment	<u>(17,704,374)</u>	<u>(14,698,791)</u>
	Total Net Receivables from Exchange Transactions	<u>41,368,502</u>	<u>47,760,198</u>

RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)

Consumer Trade Receivables are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

Ageing of Receivables from Exchange Transactions:

	2018 R	2017 R
(Electricity): Ageing		
Current (0 - 30 days)	18,526,159	19,662,982
31 - 60 Days	391,525	284,258
61 - 90 Days	266,007	110,191
+ 90 Days	1,764,435	1,203,774
Total	20,948,126	21,261,204
(Water): Ageing		
Current (0 - 30 days)	3,520,950	3,325,080
31 - 60 Days	632,707	485,567
61 - 90 Days	468,173	442,807
+ 90 Days	4,302,718	3,252,188
Total	8,924,548	7,505,642
(Refuse): Ageing		
Current (0 - 30 days)	1,533,194	1,270,173
31 - 60 Days	255,834	179,645
61 - 90 Days	198,425	193,965
+ 90 Days	3,183,408	2,494,239
Total	5,170,861	4,138,023
(Sewerage): Ageing		
Current (0 - 30 days)	1,878,613	1,673,669
31 - 60 Days	316,654	234,013
61 - 90 Days	246,999	256,523
+ 90 Days	4,251,262	3,362,729
Total	6,693,529	5,526,934
(Other): Ageing		
Current (0 - 30 days)	14,477,678	21,128,646
31 - 60 Days	51,441	77,458
61 - 90 Days	37,288	169,856
+ 90 Days	2,769,405	2,651,225
Total	17,335,812	24,027,186
(Total): Ageing		
Current (0 - 30 days)	39,936,594	47,060,551
31 - 60 Days	1,648,162	1,260,941
61 - 90 Days	1,216,893	1,173,343
+ 90 Days	16,271,227	12,964,155
Total	59,072,876	62,458,989
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	14,698,791	15,043,689
Contribution to provision/(Reversal of provision)	3,005,584	(344,898)
Balance at end of year	17,704,374	14,698,791
The Provision for Impairment could be allocated between the different classes of receivables as follows:		
Electricity	1,872,062	1,707,420
Water	5,124,576	4,063,467
Refuse	3,383,135	2,684,718
Sewerage	4,538,823	3,646,024
Other	2,785,778	2,597,162
	17,704,374	14,698,791

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)

30 June 2018	Gross balance	Allowance for doubtful debt	Net balance
Electricity	20,948,126	(1,872,062)	19,076,064
Water	8,924,548	(5,124,576)	3,799,972
Refuse	5,170,861	(3,383,135)	1,787,726
Sewerage	6,693,529	(4,538,823)	2,154,706
Other	17,335,812	(2,785,778)	14,550,034
Balance at end of year	59,072,876	(17,704,374)	41,368,502

30 June 2017	Gross balance	Allowance for doubtful debt	Net balance
Electricity	21,261,204	(1,707,420)	19,553,785
Water	7,505,642	(4,063,467)	3,442,175
Refuse	4,138,023	(2,684,718)	1,453,304
Sewerage	5,526,934	(3,646,024)	1,880,910
Other	24,027,186	(2,597,162)	21,430,024
Balance at end of year	62,458,989	(14,698,791)	47,760,198

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

22

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2018 R	2017 R
Rates	10,803,878	9,482,088
Fines	1,859,150	6,250,200
Other Receivables	9,437,535	9,176,605
Accrued Interest	149,528	615,137
Availability charges	6,203,728	5,714,522
Other	3,084,279	2,846,947
Total Receivables from Non-Exchange Transactions	22,100,562	24,908,893
Less: Provision for Impairment	(14,861,265)	(17,520,851)
Total Net Receivables from Non-Exchange Transactions	7,239,298	7,388,042
 Balance previously reported		7,323,898
Correction of Error - Refer to Note 42.7		64,144
 Restated balance		7,388,042

Trade Receivables with a total outstanding balance of R 13 408 004 (2017: R13 430 508) have arranged to settle their account over a re-negotiated period. The total value has been deferred beyond 12 months after year end and subsequently included as part of long term Trade Receivables.

Refer to note 19 for balances deferred beyond 12 months from year end.

Ageing of Receivables from Non-Exchange Transactions:

(Rates): Ageing		
Current (0 - 30 days)	2,565,035	2,350,120
31 - 60 Days	186,630	168,292
61 - 90 Days	157,899	277,952
+ 90 Days	7,894,314	6,685,725
Total	10,803,878	9,482,088

Reconciliation of Provision for Bad Debts

Balance at beginning of year	17,520,851	24,532,906
Contribution to provision/(Reversal of provision)	(2,659,587)	(7,012,055)
Balance at end of year	14,861,265	17,520,851

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

22

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUE)

	Gross balance	Allowance for doubtful debt	Net balance
30 June 2018			
Rates	10,803,878	(7,373,869)	3,430,008
Fines	1,859,150	(1,678,812)	180,338
Other Receivables	9,437,535	(5,808,583)	3,628,952
Balance at end of year	<u>22,100,562</u>	<u>(14,861,265)</u>	<u>7,239,298</u>
30 June 2017			
Rates	9,482,088	(6,762,810)	2,719,278
Fines	6,250,200	(5,369,443)	880,757
Other Receivables	9,176,605	(5,388,599)	3,788,007
Balance at end of year	<u>24,908,893</u>	<u>(17,520,851)</u>	<u>7,388,042</u>

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

23

OPERATING LEASE ARRANGEMENTS

The Municipality as Lessor (Asset)

	2018 R	2017 R
Balance on 1 July	95,823	79,218
Movement during the year	5,776	16,605
Balance on 30 June	<u>101,600</u>	<u>95,823</u>
Balance previously reported		108,437
Correction of Error - Refer to Note 42.8		(12,614)
Restated balance		<u>95,823</u>

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	1,506,569	1,605,151
1 to 5 Years	1,360,813	2,769,579
More than 5 Years	228,915	326,718
Total Operating Lease Arrangements	<u>3,096,297</u>	<u>4,701,448</u>

This lease income was determined from contracts that have a specific conditional income. It does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out.

24

CASH AND CASH EQUIVALENTS

Assets

Call Investments Deposits	130,034,742	95,083,394
Bank Accounts	19,089,790	20,010,635
Cash Floats	10,300	10,610
Total Cash and Cash Equivalents - Assets	<u>149,134,832</u>	<u>115,104,639</u>

Cash and cash equivalents comprises of cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The Municipality does not have a bank overdraft facility. Management did not deem it necessary.

The municipality has the following bank accounts:

Current Accounts

Primary Bank account	19,089,790	20,010,635
Traffic bank account	-	-
	<u>19,089,790</u>	<u>20,010,635</u>

Traffic account is cleared daily to Primary Bank Account.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

24

CASH AND CASH EQUIVALENTS (CONTINUE)

		2018 R	2017 R
Primary Bank account	Montagu ABSA - Account Number 1050 000 008		
Cash book balance at beginning of year		20,010,635	13,063,862
Cash book balance at end of year		<u>19,089,790</u>	<u>20,010,635</u>
Bank statement balance at beginning of year		19,656,216	12,523,860
Bank statement balance at end of year		<u>18,694,120</u>	<u>19,656,216</u>
Traffic bank account	Montagu ABSA - Account Number 406 272 8351		
Cash book balance at beginning of year		-	-
Cash book balance at end of year		<u>-</u>	<u>-</u>
Bank statement balance at beginning of year		100	500
Bank statement balance at end of year		<u>-</u>	<u>100</u>
Call investment deposits consist of the following accounts:			
Investec	Account Number 1 100 458 195 450	35,000,000	-
Nedbank	Account Number 03/7881034971/000038	35,000,000	35,000,000
Standard Bank	Account Number 28 847 690 5 - 004	35,000,000	35,000,000
ABSA	Account Number 92 99946707	25,034,742	25,083,394
		<u>130,034,742</u>	<u>95,083,394</u>

25

PROPERTY RATES

<u>Actual</u>			
Rateable Land and Buildings		56,903,689	53,813,009
Residential, Commercial Property, State		<u>56,903,689</u>	<u>53,813,009</u>
Less: Rebates		(10,382,436)	(11,127,316)
Total Assessment Rates		<u>46,521,253</u>	<u>42,685,693</u>
<u>Valuations</u>			
Rateable Land and Buildings			
Residential		5,738,269,639	5,616,435,799
Agricultural		6,124,727,548	6,086,986,626
Government		289,685,700	289,685,700
Business & Commercial		1,478,874,446	1,460,004,946
Municipal		412,187,038	407,922,928
Exempt Properties		348,004,000	338,828,950
Total Assessment Rates		<u>14,391,748,371</u>	<u>14,199,864,949</u>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2014.

Rates:

Residential	0.0056c/R	0.0052c/R
Commercial, Industrial & Government	0.0081c/R	0.0075c/R
Public Benefit Organisations	0.0011c/R	0.0010c/R
Agricultural	0.0011c/R	0.0010c/R

Rates are levied annually and is payable by the 7th of October. Interest is levied at the prime rate on outstanding instalments. Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

26

GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants		65,384,000	60,461,000
Equitable Share		<u>65,384,000</u>	<u>60,461,000</u>
Conditional Grants		58,933,685	76,110,568
Grants and donations		-	1,370,638
Subsidies		<u>58,933,685</u>	<u>74,739,930</u>
Total Government Grants and Subsidies		<u>124,317,685</u>	<u>136,571,568</u>
Balance previously reported			136,563,868
Correction of Error - Refer to Note 42.14			7,700
Restated balance			<u>136,571,568</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

26

GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)

	2018 R	2017 R
Government Grants and Subsidies - Capital	24,144,506	24,502,697
Integrated National Electrification Programme Grant	877,200	1,111,106
Municipal Infrastructure Grant	14,877,128	18,406,213
Libraries	456,621	4,985,378
Acceleration of Housing	4,274,259	-
Fire Service Capacity Building Grant	659,298	-
Emergency Drought Relief	3,000,000	-
Government Grants and Subsidies - Operating	99,861,701	112,068,871
Equitable Share	65,384,000	60,461,000
Expanded Public Works Programme Integrated Grant	1,866,000	1,759,000
Local Government Financial Management Grant	1,550,000	1,475,000
Thusong Service Centre Operational Support Grant	-	94,995
Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure	-	99,877
Municipal Infrastructure Grant	2,091,725	2,576,787
Municipal Capacity Building Grant	-	172,429
Project Assistance-CWDM	9,000	173,770
Housing	19,276,934	37,281,370
Libraries, Archives and Museums	9,171,242	7,304,915
Western Cape Financial Management Capacity Building	60,000	60,000
Training	-	246,708
Integrated National Electrification Programme	122,800	143,020
Western Cape Financial Management Support Grant	330,000	220,000
	124,006,208	136,571,568
Balance previously reported		136,563,868
Correction of Error - Refer to Note 42.14		7,700
Restated balance		136,571,568
Revenue recognised per vote as required by Section 123 (c) of the MFMA		
Equitable share	65,384,000	60,461,000
Executive & Council	2,239,298	592,908
Budget & Treasury	1,881,193	1,482,700
Corporate Services	106,601	-
Planning & Development	1,866,000	1,759,000
Community & Social Services	9,271,256	12,657,588
Housing	19,239,627	37,248,369
Sport & Recreation	9,000	500,000
Waste Management	-	6,033,464
Waste Water Management	51,633	6,612,484
Road Transport	-	99,877
Water	22,298,302	7,870,052
Electricity	1,000,000	1,254,126
	124,006,208	136,571,568

The municipality does not expect any significant changes to the level of grants.

26.1 Equitable share

Opening balance	-	-
Grants received	65,384,000	60,461,000
Conditions met - Operating	(65,384,000)	(60,461,000)
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

26.2 Local Government Financial Management Grant (FMG)

Opening balance	-	-
Grants received	1,550,000	1,475,000
Conditions met - Operating	(1,550,000)	(1,475,000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

26

GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)

		2018 R	2017 R
26.3	Municipal Systems Improvement Grant		
Opening balance		-	-
Conditions met - Operating		-	-
Conditions met - Capital		-	-
Conditions still to be met		<u><u>-</u></u>	<u><u>-</u></u>
The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.			
26.4	Municipal Infrastructure Grant (MIG)		
Opening balance		-	-
Grants received		21,950,000	20,983,000
Transfer		-	-
Conditions met - Operating		(2,091,725)	(2,576,787)
Conditions met - Capital		(14,877,128)	(18,406,213)
Conditions to be met		<u><u>4,981,146</u></u>	<u><u>-</u></u>
The grant was used to upgrade infrastructure in previously disadvantaged areas.			
26.5	Housing Grants		
Opening balance		2,459,459	1,386,702
Grants received		25,518,704	38,354,126
Transfer		(30,083)	-
Conditions met - Operating		(19,276,934)	(37,281,369)
Conditions met - Capital		(51,633)	-
Conditions to be met		<u><u>8,619,513</u></u>	<u><u>2,459,459</u></u>
The grant was used for housing projects.			
26.6	Integrated National Electrification Grant		
Opening balance		-	33,126
Grants received		1,000,000	1,221,000
Transfer		-	-
Conditions met - Operating		(122,800)	(143,020)
Conditions met - Capital		(877,200)	(1,111,106)
Conditions to be met		<u><u>-</u></u>	<u><u>0</u></u>
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.			
26.7	Other Grants		
Opening balance		615,737	6,813,953
Grants received		19,781,829	14,314,585
Repaid to National Revenue Fund		(297,571)	-
Transfer		(281,393)	(5,395,729)
Conditions met - Operating		(11,436,242)	(10,131,694)
Conditions met - Capital		(8,338,545)	(4,985,378)
Conditions to be met		<u><u>43,815</u></u>	<u><u>615,737</u></u>
Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)			
26.8	Total Grants		
Opening balance		3,075,198	8,233,784
Grants received		135,184,533	136,808,711
Repaid to National Revenue Fund		(297,571)	-
Transfer		(311,477)	(5,395,730)
Conditions met - Operating		(99,861,701)	(112,068,870)
Conditions met - Capital		(24,144,506)	(24,502,697)
Conditions to be met		<u><u>13,644,475</u></u>	<u><u>3,075,197</u></u>
Balance previously reported			3,082,897
Correction of Error - Refer to Note 42.14			(7,700)
Restated balance			<u><u>3,075,197</u></u>
Disclosed as follows:			
Unspent Conditional Government Grants and Receipts		13,644,475	3,075,197
Unpaid Conditional Government Grants and Receipts		<u><u>-</u></u>	<u><u>-</u></u>
		<u><u>13,644,475</u></u>	<u><u>3,075,197</u></u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R
27	SERVICE CHARGES		
Electricity		337,880,797	338,088,350
Water		27,387,542	37,919,502
Refuse removal		21,892,475	21,871,550
Sewerage and Sanitation Charges		31,594,659	28,308,880
		<hr/>	<hr/>
Less: Rebates		418,755,473	426,188,283
		(19,693,137)	(20,407,066)
		<hr/>	<hr/>
Total Service Charges		399,062,336	405,781,216
		<hr/>	<hr/>
Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.			
28	SALES OF GOODS AND RENDERING OF SERVICES		
Application Fees for Land Usage		732,942	421,745
Building Plan Approval		1,132,258	953,921
Building Plan Clause Levy		69,351	50,511
Cemetery and Burial		567,086	499,741
Connection fees		4,046,222	2,919,116
Development Charges		6,005,092	3,563,630
Fire Services		84,066	150,887
Photocopies and Faxes		88,936	71,764
Re-connection fees		366,910	558,984
Rendering of Services		2,958,012	3,971,701
Valuation Services		155,703	136,370
		<hr/>	<hr/>
Total Sales of Goods and Rendering of Services		16,206,578	13,298,370
		<hr/>	<hr/>
Balance previously reported			13,308,310
Correction of Error - Refer to Note			(9,941)
			<hr/>
Restated balance			13,298,370
			<hr/>
29	OPERATIONAL REVENUE		
Commission		239,383	210,618
Insurance Refund		1,315,543	2,248,390
Staff Recoveries		60,584	104,558
		<hr/>	<hr/>
Total Operational Revenue		1,615,510	2,563,566
		<hr/>	<hr/>
Balance previously reported			2,468,738
Correction of Error - Refer to Note			94,827
			<hr/>
Restated balance			2,563,566
			<hr/>
30	EMPLOYEE RELATED COSTS		
Salaries and Wages		106,601,519	100,557,941
Bonus		8,557,576	7,940,640
Contributions for UIF, pensions and medical aids		25,007,355	23,010,101
Group Life Insurance		240,570	263,621
Housing Subsidy		1,710,228	1,685,317
Leave Reserve Fund		6,359,160	3,716,772
Long service awards		825,092	829,256
Overtime		7,281,518	6,479,803
Post Employment Health		2,264,694	2,434,406
Travel, motor car, telephone, assistance and other allowances		10,195,857	10,606,235
Workmans Compensation		924,204	1,323,270
		<hr/>	<hr/>
Less:	Employee Costs allocated elsewhere	169,967,773	158,847,362
		<hr/>	<hr/>
Total Employee Related Costs		169,967,773	158,847,362
		<hr/>	<hr/>

KEY MANAGEMENT PERSONNEL

The Municipal Manager is appointed on a 5-year fixed term contract, the other 5 directors are appointed on a permanent basis. There are no post-employment or termination benefits payable to them at the end of the contract period.

	2018 R	2017 R
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager: Mr SA Mokweni</i>		
Annual Remuneration	1,457,529	1,351,335
Performance Bonuses	85,129	80,310
Car Allowance	108,000	108,000
Other Allowances	54,000	-
Contributions to Medical and Pension Funds	262,355	243,240
Total	1,967,013	1,782,885
<i>Remuneration of the Director Corporate Services: Mr AWJ Everson</i>		
Annual Remuneration	1,099,969	1,024,561
Performance Bonuses	52,182	53,299
Payment in lieu of leave	-	-
Car Allowance	102,603	95,569
Other Allowances	41,017	-
Contributions to Medical and Pension Funds	197,994	184,421
Total	1,493,766	1,357,851
<i>Remuneration of the Director Financial Services: Mr CF Hoffmann (1 July 2015 to 31 January 2016)</i>		
Annual Remuneration	-	-
Performance Bonuses	-	26,650
Payment in lieu of leave	-	-
Contributions to Medical and Pension Funds	-	-
Total	-	26,650
<i>Remuneration of the Director Financial Services: Mr B Brown</i>		
Annual Remuneration	1,125,904	1,044,535
Performance Bonuses	52,182	12,327
Payment in lieu of leave	21,547	90,315
Car Allowance	72,000	72,000
Other Allowances	41,017	-
Contributions to Medical and Pension Funds	202,663	188,016
Total	1,515,313	1,407,194
<i>Remuneration of the Director Community Services: Mrs EC Liebenberg (01 July 2017 to 30 March 2018)</i>		
Annual Remuneration	829,449	1,023,381
Performance Bonuses	52,182	20,546
Car Allowance	50,113	69,198
Other Allowances	29,831	12,696
Contributions to Medical and Pension Funds	170,863	211,973
Total	1,132,438	1,337,794
<i>Remuneration of the Director Strategy and Social Development: Mrs CO Mattheys</i>		
Annual Remuneration	1,104,138	1,031,110
Performance Bonuses	52,268	61,637
Payment in lieu of leave	-	60,310
Car Allowance	100,000	90,000
Other Allowances	41,017	5,995
Contributions to Medical and Pension Funds	198,745	185,600
Total	1,496,169	1,434,652
<i>Remuneration of the Director Engineering Services: Mr IAB van der Westhuizen</i>		
Annual Remuneration	1,143,993	1,070,821
Performance Bonuses	52,268	61,637
Car Allowance	10,873	3,066
Other Allowances	41,017	5,995
Contributions to Medical and Pension Funds	248,017	232,823
Total	1,496,169	1,374,342

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

31

REMUNERATION OF COUNCILLORS

	2018 R	2017 R
Mayor	870,814	820,761
Deputy Mayor	705,529	663,107
Speaker	705,529	598,527
Mayoral Committee Members (4 councillors)	2,656,844	2,409,807
Councillors (16 councillors)	5,263,721	4,741,461
Total Councillors' Remuneration	10,202,437	9,233,663

In-kind Benefits

The Executive Mayor; Mayoral committee members and the Speaker are full-time Councillors. The full time councillors are provided with secretarial support and an office at the cost of the Council.

Remuneration of the Mayor: D Gagiano (1 July 2016 to 10 August 2016)

Allowance	-	61,262
Transport Allowance	-	13,934
Cell Phone Allowance	-	3,189
Pension Fund	-	11,946
Mobile Data Card	-	399
Other Allowances	-	-
Total	-	90,730

Remuneration of the Mayor: HM Jansen (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)

Allowance	681,286	582,515
Transport Allowance	52,070	45,000
Cell Phone Allowance	40,800	25,657
Pension Fund	51,096	40,292
Medical Aid	3,600	33,360
Mobile Data Card	41,962	3,207
Total	870,814	730,031

Remuneration of the Deputy Mayor: WZ Nyamana (26 January 2016 to 10 August 2016)

Allowance	69,721	-
Cell Phone Allowance	3,189	-
Mobile Data Card	400	-
Total	-	73,310

Remuneration of Member of Council: WZ Nyamana (11 August 2016 to 25 September 2016)

Allowance	-	27,305
Transport Allowance	-	1,245
Cell Phone Allowance	-	2,889
Pension Fund	-	2,556
Mobile Data Card	-	449
Other Allowances	-	-
Total	-	34,444

Remuneration of Member of Council and Section 79 Chair: WZ Nyamana (26 September 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)

Allowance	265,799	190,849
Transport Allowance	18,000	13,755
Cell Phone Allowance	40,800	17,423
Pension Fund	51,831	37,216
Mobile Data Card	3,600	2,751
	380,030	261,994

Remuneration of the Deputy Mayor: GD Joubert (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)

Allowance	598,260	510,371
Transport Allowance	18,000	15,001
Cell Phone Allowance	40,800	25,657
Pension Fund	44,869	35,561
Mobile Data Card	3,600	3,207
Total	705,529	589,797

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

31

REMUNERATION OF COUNCILLORS (CONTINUE)

	2018 R	2017 R
<i>Remuneration of the Speaker: DA Hull (1 to 5 July 2016)</i>		
Allowance	-	5,887
Transport Allowance	-	1,586
Cell Phone Allowance	-	395
Pension Fund	-	1,148
Mobile Data Card	-	49
Other Allowances	-	-
Total	-	9,065
<i>Remuneration of Speaker: SW van Eeden (11 Aug 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)</i>		
Allowance	472,543	397,504
Transport Allowance	96,440	85,724
Cell Phone Allowance	40,800	25,521
Pension Fund	92,146	77,513
Mobile Data Card	3,600	3,200
Total	705,529	589,462
<i>Remuneration of Member of Mayoral Committee: SW van Eeden (1 July 2016 to 10 Aug 2016)</i>		
Allowance	-	45,762
Transport Allowance	-	10,716
Cell Phone Allowance	-	2,661
Pension Fund	-	8,923
Mobile Data Card	-	400
Other Allowances	-	-
Total	-	68,462
<i>Remuneration of Member of Mayoral Committee: NP Crouwcamp (1 July 2016 to 10 August 2016)</i>		
Allowance	-	44,573
Transport Allowance	-	12,091
Cell Phone Allowance	-	2,525
Pension Fund	-	8,692
Mobile Data Card	-	398
Total	-	68,279
<i>Remuneration of Member of Mayoral Committee: EMJ Scheffers</i>		
Allowance	444,770	412,009
Transport Allowance	48,121	48,121
Cell Phone Allowance	40,800	22,800
Pension Fund	86,730	80,342
Medical Aid	3,600	49,824
Mobile Data Card	40,190	3,600
Other Allowances	-	-
Total	664,211	616,696
<i>Remuneration of Member of Mayoral Committee: RR Kortje (1 to 5 July 2016)</i>		
Allowance	5,873	-
Transport Allowance	1,066	-
Cell Phone Allowance	312	-
Pension Fund	1,145	-
Mobile Data Card	49	-
Other Allowances	-	-
Total	-	8,445
<i>Remuneration of Member of Mayoral Committee: SW Strauss (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)</i>		
Allowance	554,243	504,705
Transport Allowance	24,000	8,000
Cell Phone Allowance	40,800	20,312
Pension Fund	41,568	13,170
Mobile Data Card	3,600	3,207
Total	664,211	549,394

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

31

REMUNERATION OF COUNCILLORS (CONTINUE)

	2018 R	2017 R
<i>Remuneration of Member of Council: J Kriel (11 August 2016 to 25 September 2016)</i>		
Allowance	-	25,586
Transport Allowance	-	5,451
Cell Phone Allowance	-	2,844
Pension Fund	-	-
Mobile Data Card	-	449
Other Allowances	-	-
Total	-	34,330
<i>Remuneration of Member of Council and Section 79 Chair: J Kriel (26 September 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)</i>		
Allowance	291,923	238,654
Transport Allowance	43,707	38,255
Cell Phone Allowance	40,800	19,956
Mobile Data Card	3,600	3,151
Total	380,030	300,016
<i>Remuneration of Member of Council: TS De Koker (1 September 2015 to June 2016 and 1 July 2016 to 10 August 2016)</i>		
Allowance	-	22,956
Transport Allowance	-	182
Cell Phone Allowance	-	2,230
Pension Fund	-	4,476
Mobile Data Card	-	399
Total	-	30,243
<i>Remuneration of Member of Council and Section 79 Chair: E Turner (1 July 2016 to 10 August 2016)</i>		
Allowance	-	30,221
Transport Allowance	-	4,836
Cell Phone Allowance	-	2,525
Pension Fund	-	-
Mobile Data Card	-	399
Other Allowances	-	-
Total	-	37,981
<i>Remuneration of Member of Council and Section 79 Chair: JDF Van Zyl (1 July 2016 to 10 August 2016)</i>		
Allowance	-	26,023
Transport Allowance	-	3,977
Cell Phone Allowance	-	2,533
Pension Fund	-	5,075
Mobile Data Card	-	400
Other Allowances	-	-
Total	-	38,008
<i>Remuneration of Member of Council: JDF Van Zyl (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)</i>		
Allowance	188,898	157,247
Transport Allowance	35,796	31,818
Cell Phone Allowance	40,800	20,267
Pension Fund	36,835	30,663
Mobile Data Card	-	3,200
Other Allowances	3,600	-
Total	305,929	243,195
<i>Remuneration of Member of Council: NJ Mgoqi (1 July 2016 to 10 August 2016)</i>		
Allowance	19,335	-
Transport Allowance	4,608	-
Cell Phone Allowance	2,525	-
Pension Fund	3,373	-
Mobile Data Card	399	-
Other Allowances	-	-
Total	-	30,240

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

31

REMUNERATION OF COUNCILLORS (CONTINUE)

	2018 R	2017 R
<i>Remuneration of Member of Mayoral Committee: DB Janse (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)</i>		
Allowance	483,443	408,681
Transport Allowance	42,096	37,419
Cell Phone Allowance	40,800	20,267
Pension Fund	94,271	79,692
Mobile Data Card	3,600	3,200
Other Allowances	-	-
Total	664,211	549,259
<i>Remuneration of Member of Council and Section 79 Chair: DB Janse (1 July 2016 to 10 August 2016)</i>		
Allowance	-	25,439
Transport Allowance	-	4,677
Cell Phone Allowance	-	2,533
Pension Fund	-	4,961
Mobile Data Card	-	400
Other Allowances	-	-
Total	-	38,010
<i>Remuneration of Member of Council: R Johnson (1 July 2016 to 10 August 2016)</i>		
Allowance	-	19,335
Transport Allowance	-	4,608
Cell Phone Allowance	-	2,525
Pension Fund	-	3,373
Mobile Data Card	-	399
Other Allowances	-	-
Total	-	30,240
<i>Remuneration of Member of Council: EJ Vollenhoven (1 July 2016 to 10 August 2016)</i>		
Allowance	-	19,911
Transport Allowance	-	3,921
Cell Phone Allowance	-	2,525
Pension Fund	-	3,485
Mobile Data Card	-	399
Other Allowances	-	-
Total	-	30,241
<i>Remuneration of Member of Council and Section 79 Chair: CJ Grootboom (1 July 2016 to 10 August 2016)</i>		
Allowance	-	27,792
Transport Allowance	-	1,856
Cell Phone Allowance	-	2,533
Pension Fund	-	5,420
Mobile Data Card	-	400
Other Allowances	-	-
Total	-	38,001
<i>Remuneration of Member of Council: CJ Grootboom (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)</i>		
Allowance	204,873	171,478
Transport Allowance	16,706	14,850
Cell Phone Allowance	40,800	20,267
Pension Fund	39,950	33,438
Mobile Data Card	-	3,200
Other Allowances	3,600	-
Total	305,929	243,233
<i>Remuneration of Member of Council: CB Swanepoel (1 July 2016 to 10 August 2016)</i>		
Allowance	-	23,194
Transport Allowance	-	-
Cell Phone Allowance	-	2,525
Pension Fund	-	4,126
Mobile Data Card	-	398
Other Allowances	-	-
Total	-	30,243

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

31

REMUNERATION OF COUNCILLORS (CONTINUE)

	2018 R	2017 R
<i>Remuneration of Member of Council: WS Nyamana (1 July 2016 to 10 August 2016)</i>		
Allowance	-	19,300
Transport Allowance	-	4,466
Cell Phone Allowance	-	2,525
Pension Fund	-	3,367
Mobile Data Card	-	398
Other Allowances	-	184
Total	-	30,240
<i>Remuneration of Member of Council and Section 79 Chair: JD Burger (1 July 2016 to 10 August 2016)</i>		
Allowance	-	26,032
Transport Allowance	-	3,967
Cell Phone Allowance	-	2,533
Pension Fund	-	5,076
Mobile Data Card	-	400
Other Allowances	-	-
Total	-	38,008
<i>Remuneration of Member of Mayoral Committee: JD Burger (11 August to 30 June 2017 and 01 July 2017 to 30 June 2018)</i>		
Allowance	488,796	413,449
Transport Allowance	35,700	31,734
Cell Phone Allowance	40,800	20,267
Pension Fund	95,315	80,622
Mobile Data Card	3,600	3,200
Other Allowances	-	-
Total	664,211	549,272
<i>Remuneration of Member of Council: HC De Koker (1 July 2016 to 10 August 2016)</i>		
Allowance	-	19,144
Transport Allowance	-	4,836
Cell Phone Allowance	-	2,525
Pension Fund	-	3,336
Mobile Data Card	-	398
Other Allowances	-	-
Total	-	30,240
<i>Remuneration of Member of Council: JP Goodwin (1 July 2016 to 10 August 2016)</i>		
Allowance	-	20,414
Transport Allowance	-	3,320
Cell Phone Allowance	-	2,525
Pension Fund	-	3,584
Mobile Data Card	-	398
Total	-	30,241
<i>Remuneration of Member of Council: AJ Shibili</i>		
Allowance	208,811	198,096
Transport Allowance	12,000	10,000
Cell Phone Allowance	40,800	22,800
Pension Fund	40,718	38,629
Mobile Data Card	3,600	3,600
Other Allowances	-	-
Total	305,929	273,125
<i>Remuneration of Member of Council: B Fanele (22 July 2015 to 30 June 2016 and 1 July 2016 to 10 August 2016)</i>		
Allowance	-	23,194
Transport Allowance	-	-
Cell Phone Allowance	-	2,525
Pension Fund	-	4,126
Mobile Data Card	-	398
Other Allowances	-	-
Total	-	30,243

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

31

REMUNERATION OF COUNCILLORS (CONTINUE)

	2018 R	2017 R
<i>Remuneration of Member of Council: P Hess (11 August 2016 to 25 September 2016)</i>		
Allowance	-	27,649
Transport Allowance	-	833
Cell Phone Allowance	-	2,895
Pension Fund	-	2,623
Mobile Data Card	-	457
Total	-	34,457
<i>Remuneration of Member of Council and Section 79 Chair: P Hess (26 September 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)</i>		
Allowance	270,820	194,587
Transport Allowance	12,000	9,167
Cell Phone Allowance	40,800	17,417
Pension Fund	52,810	38,060
Mobile Data Card	3,600	2,750
Total	380,030	261,981
<i>Remuneration of Member of Council: SJ Malgas (11 August 2016 to 25 September 2016)</i>		
Allowance	-	27,649
Transport Allowance	-	833
Cell Phone Allowance	-	2,895
Pension Fund	-	2,623
Mobile Data Card	-	457
Total	-	34,457
<i>Remuneration of Member of Council and Section 79 Chair: SJ Malgas (26 September 2016 to 30 June 2017 and 01 July 2017 to 31 December 2017)</i>		
Allowance	122,772	194,587
Transport Allowance	2,000	9,167
Cell Phone Allowance	18,118	17,417
Pension Fund	23,940	38,060
Mobile Data Card	1,599	2,750
Other Allowances	-	-
Total	168,429	261,981
<i>Remuneration of Member of Council: NJ Beginsel (11 August 2016 to 25 September 2016)</i>		
Allowance	-	31,094
Cell Phone Allowance	-	2,895
Mobile Data Card	-	457
Total	-	34,446
<i>Remuneration of Member of Council and Section 79 Chair: NJ Beginsel (26 September 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)</i>		
Allowance	335,630	241,812
Cell Phone Allowance	40,800	17,416
Mobile Data Card	3,600	2,750
Total	380,030	261,978
<i>Remuneration of Member of Council: LM Swanepoel (11 August 2016 to 25 September 2016)</i>		
Allowance	-	31,094
Cell Phone Allowance	-	2,895
Mobile Data Card	-	457
Total	-	34,446
<i>Remuneration of Member of Council and Section 79: LM Swanepoel (26 September 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)</i>		
Allowance	312,214	234,448
Cell Phone Allowance	40,800	17,416
Pension Fund	23,416	7,364
Mobile Data Card	3,600	2,750
Total	380,030	261,978
<i>Remuneration of Member of Council: AS Mbi (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)</i>		
Allowance	193,542	165,303
Transport Allowance	5,280	5,500
Cell Phone Allowance	40,800	20,311
Pension Fund	37,741	29,466
Medical Aid	24,966	19,530
Mobile Data Card	3,600	3,207
Total	305,929	243,317

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

31

REMUNERATION OF COUNCILLORS (CONTINUE)

		2018 R	2017 R
<i>Remuneration of Member of Council: JS Mafilika (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)</i>			
Allowance		219,204	189,749
Cell Phone Allowance		40,800	20,312
Pension Fund		39,457	27,899
Mobile Data Card		3,600	3,207
Other Allowances		2,868	2,151
Total		305,929	243,318
<i>Remuneration of Member of Council: TM van der Merwe (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)</i>			
Allowance		261,529	219,799
Cell Phone Allowance		40,800	20,312
Mobile Data Card		3,600	3,207
Total		305,929	243,318
<i>Remuneration of Member of Council: E Bosjan (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)</i>			
Allowance		203,790	173,697
Transport Allowance		18,000	15,000
Cell Phone Allowance		40,800	20,311
Pension Fund		39,739	31,103
Mobile Data Card		3,600	3,207
Total		305,929	243,318
<i>Remuneration of Member of Council: BH Nteta (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)</i>			
Allowance		218,853	189,604
Cell Phone Allowance		40,800	20,312
Pension Fund		42,676	30,195
Mobile Data Card		3,600	3,207
Total		305,929	243,318
<i>Remuneration of Member of Council: JJJS Januarie (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)</i>			
Allowance		208,811	177,881
Transport Allowance		12,000	10,000
Cell Phone Allowance		40,800	20,312
Pension Fund		40,718	31,918
Mobile Data Card		3,600	3,207
Total		305,929	243,318
<i>Remuneration of Member of Council: S du Plessis (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)</i>			
Allowance		234,911	198,478
Transport Allowance		9,000	7,500
Cell Phone Allowance		40,800	20,312
Pension Fund		17,618	13,821
Mobile Data Card		3,600	3,207
Total		305,929	243,318
<i>Remuneration of Member of Council: H Mangenengene (22 January 2018 to 30 June 2018)</i>			
Allowance		108,533	-
Cell Phone Allowance		18,118	-
Pension Fund		7,603	-
Mobile Data Card		1,599	-
Total		135,852	-
32	BAD DEBTS WRITTEN OFF		
	Trade Receivables from exchange transactions - Note 21	1,474,570	6,449,943
	Trade Receivables from non-exchange transactions - Note 22	6,385,361	15,795,022
		7,859,931	22,244,965
33	REVERSAL OF IMPAIRMENT LOSS/(IMPAIRMENT LOSS) ON RECEIVABLES		
	Long term Receivables - Note 19	(22,504)	(2,320,333)
	Trade Receivables from exchange transactions - Note 21	3,005,584	(344,898)
	Trade Receivables from non-exchange transactions - Note 22	(2,659,587)	(7,012,055)
	Total Contribution to Debt Impairment	323,493	(9,677,286)
	Less: portion Relating to VAT - Note 12	(654,558)	281,486
	Total Debt Impairment	(331,065)	(9,395,800)

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R
34	DEPRECIATION AND AMORTISATION		
	Property Plant and Equipment	24,835,016	22,909,749
	Capitalised Restoration Cost	439,792	3,427,522
	Investment Property	49,582	49,582
	Intangible Assets	265,663	54,182
		<u><u>25,590,053</u></u>	<u><u>26,441,035</u></u>
	Balance previously reported		26,440,858
	Correction of Error - Refer to Note 42.9		177
	Restated balance		<u><u>26,441,035</u></u>
35	REVERSAL OF IMPAIRMENT LOSS/(IMPAIRMENT LOSS) ON FIXED ASSETS		
	Property, Plant and Equipment - Note 13	(67,460)	(283,314)
	Total Impairments	<u><u>(67,460)</u></u>	<u><u>(283,314)</u></u>
36	FINANCE CHARGES		
	Landfill site	3,566,702	3,615,817
	Long service awards	769,111	756,268
	Long-term Liabilities	2,255,686	2,857,697
	Post Employment Health	4,936,165	4,909,148
	Total finance charges	<u><u>11,527,664</u></u>	<u><u>12,138,930</u></u>
37	BULK PURCHASES		
	Electricity	263,452,157	267,478,328
	Water	2,743,260	3,257,419
	Total Bulk Purchases	<u><u>266,195,417</u></u>	<u><u>270,735,747</u></u>
38	CONTRACTED SERVICES		
	Outsourced Services	4,079,471	9,898,081
	Consultants and Professional Services	7,320,421	495,384
	Contractors	12,720,047	7,783,453
	Total Contracted Services	<u><u>24,119,939</u></u>	<u><u>18,176,918</u></u>
	Balance previously reported		<u><u>18,738,930</u></u>
	Correction of Error - Refer to Note 42.13		(562,012)
	Restated balance		<u><u>18,176,918</u></u>
39	GRANTS AND SUBSIDIES		
	Destitute Grants	156,174	132,500
	Operational		
	Monetary Allocations	1,663,369	1,374,378
	Departmental Agencies and Accounts	200,000	494,833
	Households	221,390	668,228
	Non-profit Institutions	914,478	156,317
	Private Enterprises	327,500	55,000
	Total Grants and Subsidies	<u><u>1,819,542</u></u>	<u><u>1,506,878</u></u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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OPERATIONAL COSTS

	2018 R	2017 R
Advertising, Publicity and Marketing	1,321,511	1,049,078
Audit Fees	3,427,152	2,856,546
Bank Charges, Facility and Card Fees	932,752	877,793
Bursaries (Employees)	95,344	118,970
Cleaning Services	7,809	1,360
Commission	3,197,273	2,586,398
Cost relating to the Sale of Houses	81,575	8,451
Courier and Delivery Services	6,815	5,231
Communication	1,905,058	2,563,898
Contribution to Provision	476,254	48,409
Copy Right Fees	37,280	-
Eskom Connection Fees	66,991	-
Entertainment	44,557	188,397
External Computer Service	2,563,597	3,357,109
Full Time Union Representative	151,068	114,269
Hire Charges	987,293	1,111,835
Insurance Underwriting	3,239,533	2,500,940
Licences	594,914	895,726
Loss on Cancelled Operating Lease Contracts	3,530	-
Printing, Publications and Books	860,195	851,717
Professional Bodies, Membership and Subscription	1,916,496	1,690,382
Registration Fees	893,254	1,011,314
Remuneration to Ward Committees	656,500	489,255
Resettlement Cost	3,950	5,700
Servitudes and Land Surveys	93,240	-
Skills Development Fund Levy	1,461,214	1,339,174
System Access and Information Fees	96,515	618
Transport Provided as Part of Departmental Activities	130,792	125,066
Travel and Subsistence	474,031	537,496
Uniform and Protective Clothing	871,591	955,357
Vehicle Tracking	150,057	131,550
Wet Fuel	7,017,022	6,425,499
Total Operational Costs	33,765,165	31,847,536
 Balance previously reported		31,866,480
Correction of Error - Refer to Note 42.11		(18,944)
 Restated balance		31,847,536

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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**RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF
mSCOA**

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the financial statements. The reclassification of 2017 audited amounts can be summarised as follows:

	Balance previously reported	Adjustments	Restated Balance
STATEMENT OF FINANCIAL POSITION			
Capital Replacement Reserve	31,353,026	-	31,353,026
Accumulated Surplus/(Deficit)	599,130,505	-	599,130,506
Long-term Liabilities	17,926,458	(17,926,458)	-
Long-term Borrowings	-	17,926,458	17,926,458
Non-current Provisions	53,761,980	-	53,761,980
Non-current Employee Benefits	58,865,226	-	58,865,226
Consumer Deposits	9,968,278	-	9,968,278
Provisions	5,547,638	-	5,547,638
Current Employee Benefits	14,576,647	-	14,576,647
Payables from exchange transactions	70,992,637	(70,992,637)	-
Trade and Other Payables from Exchange Transactions	-	70,992,637	70,992,637
Unspent Conditional Government Grants and Receipts	3,082,897	(3,082,897)	-
Unspent Conditional Public Contributions and Receipts	684,330	(684,330)	-
Unspent Transfers and Subsidies	-	3,082,897	3,082,897
Unspent Public Contributions	-	684,330	684,330
Current Portion of Long-term Liabilities	5,056,160	(5,056,160)	-
Current Portion of Long-term Borrowings	-	5,056,160	5,056,160
Property, Plant and Equipment	612,891,492	-	612,891,492
Investment Property	26,971,067	-	26,971,067
Intangible Assets	209,437	-	209,437
Heritage Assets	260,000	-	260,000
Capitalised Restoration cost	4,547,326	-	4,547,326
Non-Current Investments	122,821	-	122,821
Long-term Receivables	634,415	(634,415)	-
Non-Current Receivables	-	634,415	634,415
Inventory	52,547,337	-	52,547,337
Receivables from exchange transactions	47,760,198	-	47,760,198
Receivables from non-exchange transactions	7,323,898	-	7,323,898
Operating Lease Asset	108,437	-	108,437
Taxes	1,809,247	-	1,809,247
Current Portion of Long-term Receivables	655,465	(655,465)	-
Current Portion of Non-Current Receivables	-	655,465	655,465
Cash and Cash Equivalents	115,104,639	-	115,104,639
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STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

Revenue from Non-exchange Transactions	205,691,344	(9,011,974)	196,679,370
Taxation Revenue	42,685,693	-	42,685,693
Property rates	42,685,693	-	42,685,693
Surcharges and Taxes	-	-	-
Transfer Revenue	136,563,867	-	136,563,867
Government Grants and Subsidies - Capital	24,502,697	-	24,502,697
Government Grants and Subsidies - Operating	112,061,170	-	112,061,170
Public Contributions and Donations	-	-	-
Contributed Property, Plant and Equipment	-	-	-
Other Revenue	26,441,784	(9,011,974)	17,429,809
Interest Earned - Non-exchange Transactions	-	388,891	388,891
Third Party Payments	-	-	-
Gain on Foreign Exchange transaction	-	-	-
Actuarial Gains	5,177,099	-	5,177,099
Availability fees	2,349,311	-	2,349,311
Fair Value Adjustments	1,918	(1,918)	-
Fines	9,514,508	-	9,514,508
Income due to Change in Discount rate	-	-	-
Impairment Reversal	9,395,800	(9,395,800)	-
Stock Adjustments	3,147	(3,147)	-

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RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA (CONTINUE)

	Balance previously reported	Adjustments	Restated Balance
Revenue from Exchange Transactions	440,400,517	(389,215)	440,011,302
Service Charges	405,781,216	-	405,781,216
Rent on Land	-	-	-
Rental from Fixed Assets	2,713,779	-	2,713,779
Interest Earned - external investments	5,930,563	2,956,374	8,886,937
Interest Earned - outstanding debtors	2,167,653	(2,167,653)	-
Interest Earned - Exchange Transactions	-	1,778,762	1,778,762
Licences and Permits	1,502,807	-	1,502,807
Agency Services	3,498,222	-	3,498,222
Other Income	18,733,747	(18,733,747)	-
Sales of Goods and Rendering of Services	-	13,308,310	13,308,310
Operational Revenue	-	2,468,738	2,468,738
Unamortised Discount - Interest	72,531	-	72,531
Gain on disposal of Property, Plant and Equipment	-	-	-
Total Revenue	646,091,861	(9,401,189)	636,690,672
EXPENDITURE			
Employee related costs	158,473,575	373,788	158,847,362
Remuneration of Councillors	9,233,663	-	9,233,663
Bad Debts Written Off	22,244,965	-	22,244,965
Depreciation and Amortisation	26,440,858	-	26,440,858
Collection costs	2,586,398	(2,586,398)	-
Impairments	283,314	(283,314)	-
Material	9,434,546	(9,434,546)	-
Inventory Consumed	-	17,667,103	17,667,103
Unamortised Discount - Interest paid	92,495	-	92,495
Finance Charges	11,925,367	213,563	12,138,930
Bulk Purchases	270,735,747	-	270,735,747
Contracted services	7,776,106	10,962,824	18,738,930
Grants and Subsidies	132,500	1,374,378	1,506,878
Stock Adjustments	4,243	(4,243)	-
General Expenses	50,437,516	(50,437,516)	-
Operational Costs	-	31,866,480	31,866,480
Total Expenditure	569,801,292	(287,881)	569,513,412
Operating Surplus/(Deficit) for the Year	76,290,569	(9,113,309)	67,177,260
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	-	(1,096)	(1,096)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	-	9,395,800	9,395,800
Gains/(Loss) on disposal of Property,Plant and Equipment	311,679	-	311,679
Gains/(Loss) on Sale of Fixed Assets	-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	(283,314)	(283,314)
Profit/(Loss) on Fair Value Adjustments	-	1,918	1,918
Water Losses	-	-	-
NET SURPLUS/(DEFICIT) FOR THE YEAR	76,602,247	-	76,602,247

2017
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42

CORRECTION OF ERROR IN TERMS OF GRAP 3

42.1 NET ASSETS (ACCUMULATED SURPLUS/(DEFICIT))

Balance previously reported	518,636,107
Correction to Payables from Exchange Transactions in periods before 1 July 2016- JI 23643	(1,998,079)
Unidentified Deposits older than 36 months not written-off in periods before 1 July 2016 - JI 24860	564,382
Derecognition of Capital Under Construction in periods before 1 July 2016 - JI14910	(116,683)
Operating lease contracts omitted in periods before 1 July 2016	(12,614)
Restated Balance as at 01 July 2016	517,073,114

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

42

CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

	2017 R
42.2 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS	70,992,637
Balance previously reported	70,992,637
Accrual for Compensation Commissioner raised incorrectly in periods before 1 July 2016 - JI 23643	1,998,079
Correction of Housing expenditure not recognised during the 2016/17 - JI 16983	(562,012)
Correction of proceeds on sale of assets not accounted for in 2016/17 - JI 19960	(52,632)
Unidentified Deposits older than 36 months not written-off in periods before 1 July 2016 - JI 24860	(564,382)
Unidentified Deposits older than 36 months not written-off in 2016/2017 - JI 24860	(20,257)
Restated Balance as at 30 June 2017	71,791,433
Correction of error - Refer to note 9	
Trade and Other Payables recognised in correctly in prior years.	
42.3 UNSPENT TRANSFERS AND SUBSIDIES	3,082,897
Balance previously reported	3,082,897
Recognition of Grant revenue against Unspent Grants not recognised in 2016/17	(7,700)
Restated Balance as at 30 June 2017	3,075,197
Correction of error - Refer to note 10	
Grant revenue not recognised in prior year.	
42.4 PROPERTY, PLANT AND EQUIPMENT	612,891,492
Balance previously reported	612,891,492
Derecognition: Asset stolen in 2016/17 - JI19967	(3,933)
Correction of depreciation on stolen asset in 2016/17 - JI19966	75
Derecognition of Capital Under Construction in periods before 1 July 2016 - JI14910	(116,683)
Recognition of Furniture and Office Equipment recognised as Operational Cost in 2016/17 - JI19976	14,141
Recognition of Cost on Computer Equipment recognised as operational cost in 2016/17- JI14902	3,224
Recognition of Acc. Decpr on Computer Equipment not recognised in 2016/17 - JI14902	(252)
Restated Balance as at 30 June 2017	612,788,064
Correction of error - Refer to note 13	
Correction of Property, Plant and Equipment in prior years.	
42.5 INVESTMENT PROPERTY	26,971,067
Balance previously reported	26,971,067
Correction of sale of assets not accounted for 2016/17 - JI 19960	(20,000)
Restated Balance as at 30 June 2017	26,951,067
Correction of error - Refer to note 14	
Sale of Investment Property not recorded in prior year.	
42.6 INVENTORY	52,547,337
Balance previously reported	52,547,337
Compost Inventory included under Operational Cost in 2016/2017 - JI 22527	9,540
Restated Balance as at 30 June 2017	52,556,877
Correction of error - Refer to note 20	
Inventory recognised as an expenditure in prior year.	
42.7 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	7,323,898
Balance previously reported	7,323,898
Correct Staff Recoveries not recognised in previous year 2016/17 - JI 23633	84,301
Correct Staff Recoveries monies recouped not recognised in previous year 2016/17 - JI 23634	(20,157)
Restated Balance as at 30 June 2017	7,388,042
Correction of error - Refer to note 22	
Staff Recoveries recognised incorrectly in prior years.	
42.8 OPERATING LEASE ASSET	108,437
Balance previously reported	108,437
Operating lease contracts omitted in periods before 1 July 2016	(12,614)
Restated Balance as at 30 June 2017	95,823
Correction of error - Refer to note 23	
Operating leas contracts omitted in prior years.	

42 CORRECTION OF ERROR IN TERMS OF GRAP 3 CONTINUES (CONTINUE)

2017
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42.9	DEPRECIATION AND AMORTISATION	
	Balance previously reported	26,441,035
	Recognition of Acc. Decpr on Computer Equipment not recognised - JI14902	252
	Correction of depreciation on stolen asset - JI19966	(75)
	Restated Balance as at 30 June 2016	26,441,212
	Correction of error - Refer to note 34	
	Depreciation recognised incorrectly in prior years	
42.10	GAINS/(LOSS) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	
	Balance previously reported	311,679
	Correction of sale of assets not accounted for in 2016/17 - JI 19960	(20,000)
	Correction of sale of assets not accounted for in 2016/17 - JI 19960	52,632
	Derecognition: Asset stolen in 2016/17 - JI19967	(3,933)
	Restated Balance as at 30 June 2017	340,377
	Sale of assets recognised incorrectly in prior year.	
42.11	OPERATIONAL COST	
	Balance previously reported	31,866,480
	Correct of expense incorrectly classified as Inventory consumed in 2016/17 - JI22418	7,961
	Compost Inventory included in Operational Cost in 2016/17 - JI 22527	(9,540)
	Recognition of Furniture and Office Equipment recognised as Operational Cost in 2016/17 - JI19976	(14,141)
	Recognition of Cost on Computer Equipment recognised as Operational Cost in 2016/17 - JI14902	(3,224)
	Restated Balance as at 30 June 2017	31,847,536
	Correction of error - Refer to note 40	
	Expenditure recognised incorrectly in prior years.	
42.12	INVENTORY CONSUMED	
	Balance previously reported	17,667,103
	Correct of expense incorrectly classified as Inventory consumed in 2016/17 - JI22418	(7,961)
	Staff recoveries not recognised in 2016/17 - JI 23634	486
	Restated Balance as at 30 June 2017	17,659,629
	Expenditure recognised incorrectly in prior years.	
42.13	CONTRACTED SERVICES	
	Balance previously reported	18,738,930
	Correction of Housing expenditure not recognised in 2016/17 - JI 16983	(562,012)
	Restated Balance as at 30 June 2017	18,176,918
	Expenditure recognised incorrectly in prior years.	
42.14	GOVERNMENT GRANTS AND SUBSIDIES	
	Balance previously reported	136,563,868
	Recognition of Grant revenue against Unspent Grants not recognised in 2016/17	7,700
	Restated Balance as at 30 June 2017	136,571,568
	Correction of Error Refer to Note 26	
	Grant revenue recognised incorrectly in prior year.	
42.15	OPERATIONAL REVENUE	
	Balance previously reported	2,468,738
	Correct Staff Recoveries not recognised in 2016/17 - JI 23633	84,301
	Unidentified Deposits older than 36 months not written-off in 2016/2017 - JI 24860	20,257
	Correct Staff Recoveries recouped in 2016/17 - JI 23634	(9,731)
	Restated Balance as at 30 June 2016	2,563,566
	Correction of Error Refer to Note 29	
	Correction of Operational Revenue in prior year.	
42.16	SALES OF GOODS AND RENDERING OF SERVICES	
	Balance previously reported	13,308,310
	Correct Staff Recoveries monies recouped not recognised in previous year (2016/17) - JI 23634	(9,941)
	Restated Balance as at 30 June 2016	13,298,370
	Correction of Error Refer to Note 28	
	Correction of Staff Recoveries in prior year.	

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R
43	RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
	Surplus/(Deficit) for the year	11,296,885	77,311,786
	<u>Adjustments for:</u>		
	Depreciation/Amortisation	25,590,055	26,440,681
	(Gains)/Loss on disposal of property, plant and equipment	(7,945,336)	(340,377)
	Contributed Assets	(40,439)	-
	Fair Value Adjustments	(3,821)	(1,918)
	Impairment Loss	67,460	283,314
	Inventory Write-off	304,545	-
	Government Grants and Subsidies received	135,184,533	131,420,682
	Government Grants and Subsidies recognised as revenue	(124,006,208)	(136,571,567)
	Rapid to Revenue Fund	(297,571)	-
	Write-off of Grants	(311,476)	-
	Contributions to Non-Current Provisions	3,566,702	12,379,740
	Contribution to Current Employee Benefits	2,526,265	(180,071)
	Contribution to Non-Current Employee Benefits	5,995,517	(1,913,437)
	Debt Impairment	(331,065)	(9,395,800)
	Actuarial Losses	335,235	-
	Actuarial (Gains)	(4,348,861)	(5,177,099)
	Unamortised discount	15,610	19,964
	Bad Debts Written Off	7,859,931	22,244,965
	Operating lease income accrued	(5,775)	(16,605)
	Operating Surplus/(Deficit) before changes in working capital	55,452,187	116,504,259
	Changes in working capital	20,788,589	(51,548,815)
	Increase/(Decrease) in Payables from exchange transactions	(7,301,266)	2,473,503
	Increase/(Decrease) in Taxes	(400,233)	(1,467,042)
	(Increase)/Decrease in Inventory	27,927,498	(34,460,624)
	(Increase)/Decrease in Receivables from exchange and non-exchange transactions	562,590	(18,094,652)
	Cash generated/(absorbed) by operations	76,240,776	64,955,443
44	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 24	130,034,742	95,083,394
	Cash Floats - Note 24	10,300	10,610
	Bank - Note 24	19,089,790	20,010,635
	Total cash and cash equivalents	149,134,832	115,104,639
45	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES	2018 R	2017 R
	Cash and Cash Equivalents - Note 44	149,134,832	115,104,639
	Investments - Note 18	126,641	122,821
	Less:		
	Unspent Committed Conditional Grants - Note 10	149,261,473	115,227,460
	VAT - Note 12	13,644,475	3,075,197
	Resources available for working capital requirements	135,616,998	112,152,262
	Allocated to:		
	Capital Replacement Reserve	56,421,002	31,353,026
	Employee Benefits	19,725,798	16,501,010
	Current Provisions	9,121,714	5,547,638
	Resources available for working capital requirements	50,348,483	58,750,588
46	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term Liabilities - Note 3	18,658,720	23,674,384
	Used to finance property, plant and equipment - at cost	(18,658,720)	(23,674,384)
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	-	-
	Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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BUDGET COMPARISONS

	2018 R (Actual)	2018 R (Budget)	2018 R (Variance)	2018 R (%)
47.1				
Operational				
Revenue by source				
Property Rates	46,521,253	50,885,510	(4,364,257)	-9%
Government Grants and Subsidies - Capital	24,144,506	31,295,150	(7,150,644)	-23%
Government Grants and Subsidies - Operating	99,861,701	115,849,550	(15,987,849)	-14%
Contributed Property, Plant and Equipment	40,439	-	40,439	100%
Interest Earned - Non-exchange Transactions	464,514	-	464,514	100%
Actuarial Gains	4,348,861	8,624,000	(4,275,139)	-50%
Availability Fees	2,402,373	3,798,870	(1,396,497)	-37%
Fines	3,252,930	9,597,450	(6,344,520)	-66%
Service Charges	399,062,336	417,904,438	(18,842,102)	-5%
Rental from Fixed Assets	2,887,897	3,784,630	(896,733)	-24%
Interest Earned - external investments	10,773,393	7,174,020	3,599,373	50%
Interest Earned - Exchange Transactions	2,143,978	2,385,600	(241,622)	-10%
Licences and Permits	1,038,901	1,353,530	(314,629)	-23%
Agency Services	3,929,797	4,767,560	(837,763)	-18%
Sales of Goods and Rendering of Services	16,206,578	-	16,206,578	100%
Operational Revenue	1,615,510	10,462,170	(8,846,660)	-85%
Unamortised Discount - Interest	58,317	-	58,317	100%
	618,753,286	667,882,478	(49,129,192)	-7%
Expenditure by nature				
Employee related costs	169,967,773	175,620,539	(5,652,766)	-3%
Remuneration of Councillors	10,202,437	10,278,180	(75,743)	-1%
Bad Debts Written Off	7,859,931	-	7,859,931	100%
Depreciation and Amortisation	25,590,053	34,461,572	(8,871,519)	-26%
Inventory Consumed	63,907,534	14,012,746	49,894,788	356%
Actuarial losses	335,235	8,640,000	(8,304,765)	-96%
Unamortised Discount - Interest paid	73,927	-	73,927	100%
Finance Charges	11,527,664	10,444,681	1,082,983	10%
Bulk Purchases	266,195,417	270,171,540	(3,976,123)	-1%
Contracted services	24,119,939	64,509,803	(40,389,864)	-63%
Grants and Subsidies	1,819,542	8,147,161	(6,327,619)	-78%
Operational Costs	33,765,165	52,872,460	(19,107,295)	-36%
	615,364,617	649,158,682	(33,794,065)	-5%
Operating Surplus/(Deficit) for the Year				
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	3,388,669	18,723,796	(15,335,127)	
Reversal of Impairment Loss/(Impairment Loss) on Receivables	(304,545)	(290)	(304,255)	104916%
Gains/(Loss) on disposal of Property,Plant and Equipment	331,065	(14,415,910)	14,746,975	-102%
Gains/(Loss) on Sale of Fixed Assets	7,945,336	753,600	7,191,736	954%
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	-	-	0%
Profit/(Loss) on Fair Value Adjustments	(67,460)	-	(67,460)	100%
	3,821	-	3,821	100%
Net Surplus for the year	11,296,885	5,061,196	6,235,689	123%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Comparison between last approved budget and final budget:

	2018 R	2018 R	2018 R	2018 R	Explanation for Variances	
	(Approved Budget)	(Final Budget)	(Variance)	(%)		
Operational						
Revenue by source						
Property Rates	50,885,510	50,885,510	-	0%		
Government Grants and Subsidies - Capital	31,295,150	31,295,150	-	0%		
Government Grants and Subsidies - Operating	115,849,550	115,849,550	-	0%		
Contributed Property, Plant and Equipment	-	-	-	0%		
Interest Earned - Non-exchange Transactions	-	-	-	0%		
Actuarial Gains	8,624,000	8,624,000	-	0%		
Fair Value Adjustments	-	-	-	0%		
Availability Fees	3,798,870	3,798,870	-	0%		
Fines	9,597,450	9,597,450	-	0%		
Income due to Change in Discount rate	-	-	-	0%		
Impairment Reversal	-	-	-	0%		
Stock Adjustments	-	-	-	0%		
Service Charges	417,904,438	417,904,438	-	0%		
Rental from Fixed Assets	3,784,630	3,784,630	-	0%		
Rent on Land	-	-	-	0%		
Interest Earned - external investments	7,174,020	7,174,020	-	0%		
Interest Earned - Exchange Transactions	2,385,600	2,385,600	-	0%		
Licences and Permits	1,353,530	1,353,530	-	0%		
Agency Services	4,767,560	4,767,560	-	0%		
Sales of Goods and Rendering of Services	-	-	-	0%		
Operational Revenue	10,462,170	10,462,170	-	0%		
Unamortised Discount - Interest	-	-	-	0%		
Gain on disposal of Property, Plant and Equipment	-	-	-	0%		
	667,882,478	667,882,478	-	0%		
Expenditure by nature						
Employee related costs	175,620,539	175,620,539	-	0%		
Remuneration of Councillors	10,278,180	10,278,180	-	0%		
Bad Debts Written Off	-	-	-	0%		
Debt Impairment	-	-	-	0%		
Depreciation and Amortisation	34,461,572	34,461,572	-	0%		
Collection costs	-	-	-	0%		
Impairments	-	-	-	0%		
Inventory Consumed	14,012,746	21,812,242	(7,799,496)	-36%		
Actuarial losses	8,640,000	8,640,000	-	0%		
Unamortised Discount - Interest paid	-	-	-	0%		
Finance Charges	10,444,681	11,055,916	(611,235)	-6%		
Bulk Purchases	270,171,540	270,091,540	80,000	0%		
Contracted services	64,509,803	64,888,808	(379,005)	-1%		
Grants and Subsidies	8,147,161	8,472,161	(325,000)	-4%		
Stock Adjustments	-	-	-	0%		
Operational Costs	52,872,460	43,837,724	9,034,736	21%		
Loss on disposal of Property,Plant and Equipment	-	-	-	0%		
	649,158,682	649,158,682	-	0%		
Operating Surplus/(Deficit) for the Year	18,723,796	18,723,796	-	0%		
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	(290)	(290)	-	0%		
Reversal of Impairment Loss/(Impairment Loss) on Receivables	(14,415,910)	(14,415,910)	-	0%		
Gains/(Loss) on disposal of Property,Plant and Equipment	753,600	753,600	-	0%		
Gains/(Loss) on Sale of Fixed Assets	-	-	-	0%		
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	-	-	0%		
Profit/(Loss) on Fair Value Adjustments	-	-	-	0%		
Water Losses	-	-	-	0%		
Net Surplus for the year	5,061,196	5,061,196	-	0%		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R (Actual)	2018 R (Budget)	2018 R (Variance)	2018 R (%)
47.2	Expenditure by Vote				
Community Services		93,122,253	86,674,941	6,447,312	7%
Corporate Services		42,269,004	45,877,791	(3,608,787)	-8%
Engineering Services		404,458,331	426,760,013	(22,301,682)	-5%
Executive & Council		28,069,643	34,195,730	(6,126,087)	-18%
Finance		31,915,378	33,757,191	(1,841,813)	-5%
Strategy & Social Development		19,235,681	28,380,766	(9,145,085)	-32%
		619,070,290	655,646,432	(36,576,142)	-6%

Comparison between last approved budget and final budget:

	2018 R (Approved Budget)	2018 R (Final Budget)	2018 R (Variance)	2018 R (%)	Explanation for Variances
Expenditure by Vote					
Community Services	86,674,941	86,670,941	4,000	0.00%	
Corporate Services	45,877,791	46,074,561	(196,770)	-0.43%	
Engineering Services	426,760,013	426,760,013	-	0.00%	
Executive & Council	34,195,730	34,002,960	192,770	0.57%	
Finance	33,757,191	33,757,191	-	0.00%	
Strategy & Social Development	28,380,766	28,380,766	-	0.00%	
	655,646,432	655,646,432	-	0.00%	

	2018 R (Actual)	2018 R (Budget)	2018 R (Variance)	2018 R (%)
47.3	Capital expenditure by vote			
Community Services	2,532,507	2,907,970	(375,463)	-13%
Corporate Services	2,454,889	2,784,410	(329,521)	-12%
Engineering Services	36,679,470	46,147,105	(9,467,635)	-21%
Executive & Council	507,307	640,220	(132,913)	-21%
Finance	568,123	570,000	(1,877)	0%
Strategy & Social Development	2,146,505	2,771,580	(625,075)	-23%
	44,888,802	55,821,285	(10,932,483)	-20%

Comparison between last approved budget and final budget:

	2018 R (Approved Budget)	2018 R (Final Budget)	2018 R (Variance)	2018 R (%)	Explanation for Variances
Capital expenditure by vote					
Community Services	2,907,970	2,907,970	-	0%	
Corporate Services	2,784,410	2,784,410	-	0%	
Engineering Services	46,147,105	46,147,105	-	0%	
Executive & Council	640,220	640,220	-	0%	
Finance	570,000	570,000	-	0%	
Strategy & Social Development	2,771,580	2,771,580	-	0%	
	55,821,285	55,821,285	-	0%	

48 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

48.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	15,250	21,189,492
Unauthorised expenditure for the year - capital	-	-
Unauthorised expenditure for the year - operating	6,447,312	15,250
Written off by council	-	(21,189,492)
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	6,462,562	15,250

Unauthorised expenditure on the capital budget are related to the housing internal services of the McGregor Housing project that is part of the municipal infrastructure assets of which it was budgeted under the operating budget.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Incident	Disciplinary steps/criminal proceedings
Internal services of McGregor Housing project budget included in operating budget.	None
Over expenditure of Operating Budget - 2018	None

	2018 R	2017 R
48.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	64,144	-
Fruitless and wasteful expenditure for the year	40,250	84,301
Written off by council/ Investigations and disciplinary hearings concluded	-	-
Transfer to receivables for recovery	(89,278)	(20,157)
Fruitless and wasteful expenditure awaiting further action	<u>15,115</u>	<u>64,144</u>

	2018 R	2017 R
48.3 Irregular expenditure		
Reconciliation of irregular expenditure:		
Opening balance	501,748	481,798
Irregular expenditure for the year	-	19,950
Written off by council	(501,748)	-
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting further action	<u>-</u>	<u>501,748</u>

	2018 R	2017 R
48.4 Material Losses		
Water distribution losses		
- Kilo litres disinfected/purified/purchased	5,787,210	7,359,570
- Kilo litres lost during distribution	837,450	605,350
- Percentage lost during distribution	14.47%	8.23%
Electricity distribution losses		
- Units purchased (Kwh)	306,928,606	316,277,226
- Units lost during distribution (Kwh)	12,554,612	18,788,653
- Percentage lost during distribution	4.09%	5.94%

49 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

	2018 R	2017 R
49.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS		
Opening balance	-	-
Council subscriptions	1,888,266	1,679,418
Amount paid - current year	(1,888,266)	(1,679,418)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
49.2 Audit fees - [MFMA 125 (1)(c)]		
Opening balance	24,158	47,524
Current year audit fee	3,595,175	2,998,070
External Audit - Auditor-General	3,427,152	2,856,546
Audit Committee	168,023	141,524
Amount paid - current year	(3,595,175)	(2,973,912)
Amount paid - previous year	(24,158)	(47,524)
Balance unpaid (included in creditors)	<u>(0)</u>	<u>24,158</u>
49.3 VAT - [MFMA 125 (1)(c)]		
Opening balance	8,117,002	(5,541,783)
Amounts received - current year	61,319,135	60,835,529
Amounts received - previous years	(8,117,002)	5,541,783
Amounts claimed - current year	(52,684,417)	(52,718,527)
Closing balance - (Paid)/Claimed	<u>8,634,719</u>	<u>8,117,002</u>
Vat in suspense due to cash basis of accounting		
Input VAT	5,544,793	5,390,976
Output VAT	(7,747,144)	(7,111,532)
Receivable	(2,202,351)	(1,720,556)

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

49	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)	2018 R	2017 R			
49.4	PAYE, SDL and UIF - [MFMA 125 (1)(c)]					
	Opening balance	-	-			
	Current year payroll deductions and Council Contributions	(21,523,084)	(18,859,157)			
	Amount paid - current year	21,523,084	18,859,157			
	Balance unpaid (included in creditors)	<u><u>-</u></u>	<u><u>-</u></u>			
49.5	Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]					
	Opening balance	-	-			
	Current year payroll deductions and Council Contributions	(23,762,070)	(22,068,207)			
	Amount paid - current year	23,762,070	22,068,207			
	Balance unpaid (included in creditors)	<u><u>-</u></u>	<u><u>-</u></u>			
49.6	Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]					
	The following Councillors had arrear accounts for more than 90 days as at 30 June:					
		2018 R	2017 R			
		Outstanding more than 90 days	Outstanding more than 90 days			
	NYAMANA, W	151	604			
	MBI, AS	4,697	11,592			
	Total Councillor Arrear Consumer Accounts	<u><u>4,848</u></u>	<u><u>12,196</u></u>			
49.7	Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005:					
	Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36 (1)(a) and (b)					
		<u>Type of deviation</u>				
		Amount	Single Supplier	Impossible	Impracticable	Emergency
	July	-	-	-	-	-
	August	843,861	2	-	8	4
	September	586,156	4	-	6	1
	October	364,425	3	-	10	1
	November	342,514	6	-	10	-
	December	411,728	5	-	5	-
	January	862,408	2	-	3	5
	February	327,325	5	-	8	2
	March	755,458	1	-	8	1
	April	481,367	4	-	4	-
	May	523,267	1	-	6	1
	June	32,087	-	-	2	1
		<u><u>5,530,595</u></u>	<u><u>33</u></u>	<u><u>-</u></u>	<u><u>70</u></u>	<u><u>16</u></u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)

Regulation 45 - Details of awards made to close family members of persons in service of State

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Annadale Motors BK	Director	Spouse	E Wagner	Personal Assistant - Langeberg Municipality	74,813
Stemwet (PTY) LTD T/A Montagu Bande Supa Quick	Owner	Spouse	M Stemmet	Teacher-Department of Education Western Cape	302,148
Lumber & Lawn	Director	Spouse	J van Zyl	Teacher-Department of Education Western Cape	36,213
Mubesko Africa	Manager	Spouse	J Niehaus	Dietician -Department of Health Northern Cape	2,383,786
Van Niekerk & Linde	Owner	Spouse	S Rossouw	Teacher-Department of Education Western Cape	74,145
Montagu Trekkers	Owner	Child	J Rossouw	IT Technician - Langeberg Municipality	24,631
Moreson Grondverskuiwers	Shareholder	Child	E Honing	Departmetn of Health	1,209,396
Qinisekisa System Solution	Director	Spouse	A Olivier	Teacher-Department of Education Western Cape	301,391
Robertson Toyota	Director	Spouse	ZG Schreder	Teacher-Department of Education Western Cape	1,713,169
Berry Bright	Owner	Spouse	CC Buirman	Police Officer - SAPS	41,430
Bar Vallei Herstell & Ing. Werke	Owner	Child	G van Loggerenberg	Teacher - Bonnievale High School	361,000
Buirman Buildings	Owner	Child	CC Buirman	Police Officer - SAPS	10,650
Advocate Etienne Vermaak	Owner	Spouse	Johanna Maria Christina Vermaak	Pharmacist- Karl Bremmer Hospital	220,132
Robertson Auto Electric	Owner	Father in Law	AWJ Everson	Director: Corporate Services (Langeberg Municipality)	183,268
Rukeya Jamie T/A Keyn's Spicy Bites	Owner	Child	Moegament Moeneeb Jamie	Fire Fighter	5,607

Regulation 45 - Details of awards made to persons who has been in the service of the State during the previous 12 months:

Name of supplier	Name of person in service of the state	Position occupied in company	Last day in service of the state	Employer and capacity of person	Employer and capacity of person
None					

49.8

Other non-compliance (MFMA 125(2)(e))

Non-compliance to the Supply Chain Management Regulations were identified in terms of Regulation 44 as detailed below:

Name of supplier	Name of person in service of the state	Position occupied in company	Employer and capacity of person	Value of transactions
None				

Other non-compliance issues were identified as detailed below:

Requirement	Relevant Legislation	Non-compliance
None		

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CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

	2018 R	2017 R
Approved and contracted for:		
Infrastructure	15,898,759	21,127,033
Community	2,101,591	18,809,514
Other	13,238,992	1,645,363
	558,177	672,156
Approved but not yet contracted for		
Infrastructure	-	-
Community	-	-
Other	-	-
Total	15,898,759	21,127,033
This expenditure will be financed from:		
External Loans	-	-
Capital Replacement Reserve	2,659,767	6,288,908
Government Grants	13,238,992	14,838,126
Other Grants	-	-
Total	15,898,759	21,127,033

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FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) **Foreign Exchange Currency Risk**

The municipality did not engage in any foreign currency transaction.

(b) **Price risk**

The municipality is not exposed to price risk.

(c) **Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

	2018 R	2017 R
1.25% (2018 - 1%) Increase in interest rates	15,552	(35,482)
0.5% (2018 - 0.5%) Decrease in interest rates	(6,221)	14,193

FINANCIAL RISK MANAGEMENT (CONTINUE)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade Receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these Trade Receivables. Credit risk pertaining to trade and other Trade Receivables is considered to be moderate due to the diversified nature of Trade Receivables and immaterial nature of individual balances. In the case of consumer Trade Receivables the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of Trade Receivables whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual Trade Receivables into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Trade Receivables with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

Balances past due not impaired:

	2018 %	2018 R	2017 %	2017 R
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	19,535,527	100.00%	22,558,774
<u>Exchange Receivables</u>				
Electricity	12.66%	2,421,967	10.38%	1,598,223
Water	28.24%	5,403,598	27.15%	4,180,561
Refuse	19.01%	3,637,667	18.62%	2,867,850
Sewerage	25.16%	4,814,915	25.02%	3,853,266
Other	14.94%	2,858,134	18.82%	2,898,539
	100.00%	19,136,282	100.00%	15,398,438

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 21 and 22 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of Trade Receivables as follows:

	2018 %	2018 R	2017 %	2017 R
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	14,861,265	100.00%	24,532,906
<u>Exchange Receivables</u>				
Electricity	10.57%	1,872,062	11.62%	1,707,420
Water	28.95%	5,124,576	27.64%	4,063,467
Refuse	19.11%	3,383,135	18.26%	2,684,718
Sewerage	25.64%	4,538,823	24.80%	3,646,024
Other	15.73%	2,785,778	17.67%	2,597,162
	100.00%	17,704,374	100.00%	14,698,791

Bad debts written off per debtor class:

<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	6,385,361	100.00%	15,795,022
<u>Exchange Receivables</u>				
Electricity	1.01%	14,940	7.61%	112,192
Water	35.73%	526,794	125.05%	1,843,938
Refuse	29.99%	442,217	93.51%	1,378,850
Sewerage	38.98%	574,829	123.99%	1,828,334
Other	-5.71%	-84,210	87.25%	1,286,629
	100.00%	1,474,570	437.41%	6,449,943

FINANCIAL RISK MANAGEMENT (CONTINUE)

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectations of counter party default.

Long-term Receivables and Other Trade Receivables are individually evaluated annually at Balance Sheet date for impairment.

	2018 R	2017 R
Financial assets exposed to credit risk at year end are as follows:		
Long term receivables	1,213,436	1,289,881
Receivables from exchange transactions	41,368,502	47,760,198
Cash and Cash Equivalents	149,124,532	115,094,029
Non-Current Investments	126,641	122,821
	<u>191,833,111</u>	<u>164,266,929</u>

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
		Less than 1 year	Between 1 and 5 years	Over 10 Years
2018				
Long Term liabilities	6,135,427	10,955,256	7,343,178	-
Capital repayments	3,777,466	5,546,026	6,059,132	-
Interest	2,357,961	5,409,230	1,284,046	-
Trade and Other Payables	<u>61,132,970</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>67,268,397</u>	<u>10,955,256</u>	<u>7,343,178</u>	<u>-</u>
2017				
Long Term liabilities	7,414,120	15,064,523	9,820,521	-
Capital repayments	5,056,159	9,655,293	8,536,475	-
Interest	2,357,961	5,409,230	1,284,046	-
Trade and Other Payables	<u>68,683,028</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>76,097,148</u>	<u>15,064,523</u>	<u>9,820,521</u>	<u>-</u>

FINANCIAL INSTRUMENTS

The fair value of financial instruments approximates the amortised costs as reflected below.

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

52.1	<u>Financial Assets</u>	<u>Classification</u>		
Long-term Receivables				
Provincial Government Housing Loans - At amortised cost			374,094	365,196
Staff Study loans - At amortised cost			108,352	139,551
Services connections - At amortised cost			459,911	520,610
Land Sales - At amortised cost			-	-
Short-term Instalments			271,079	264,524
Agreements with Consumer Debtors				
Receivables				
Receivables from exchange transactions		Financial instruments at amortised cost	41,368,502	47,760,198

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

52	FINANCIAL INSTRUMENTS (CONTINUE)		2018 R	2017 R
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	130,034,742	95,083,394
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	19,089,790	20,010,635
	Cash Floats and Advances	Financial instruments at amortised cost	-	-
			191,706,469	164,144,108
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		191,706,469	164,144,108
	At amortised cost		191,706,469	164,144,108
52.2	Financial Liability	Classification		
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	13,869,338	17,421,160
	Capitalised Lease Liability	Financial instruments at amortised cost	272,582	1,197,064
	Payables from exchange transactions			
	Trade Payables	Financial instruments at amortised cost	47,238,429	56,587,002
	Retentions and Guarantees	Financial instruments at amortised cost	2,594,659	2,824,037
	Sundry Deposits	Financial instruments at amortised cost	9,912,485	8,172,865
	Sundry Creditors	Financial instruments at amortised cost	1,387,396	1,099,124
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	3,495,739	3,889,329
	Capitalised Lease Liability	Financial instruments at amortised cost	1,021,062	1,166,830
			79,791,691	92,357,412
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		79,791,691	92,357,412
53	STATUTORY RECEIVABLES			
	In accordance with the principles of GRAP 108 Statutory Receivables of the municipality are classified as follows:			
	Taxes			
	VAT Receivable		2,209,480	1,809,247
	Receivables from Non-Exchange Transactions			
	Rates		3,430,008	2,719,278
	Fines		1,859,150	880,757
			7,498,639	5,409,283
54	EVENTS AFTER THE REPORTING DATE			
	2018			
	The Municipal Council on 31 July 2018 condoned unauthorised expenditure amounting to R15 250, incurred as part of the Christmas Light events hosted during the 2016/2017 financial year.			
	The Municipality submitted the Annual Financial Statements to the Office of the Auditor General on the 7th of September 2018.			
	2017			
	The Municipal Council has approved an external loan to the value of R35 000 000 in 2016/2017 to fund capital expenditure during the 2017/2018 and 2018/2019 financial years. The tender process for awarding the loan has commenced with the aim of awarding the tender during the 2017/2018 financial year.			
	LM van Coppenagen has given intention of instituting a claim against the municipality for alleged water damage (REF LAN26/203). Estimate of exposure R 140 000-00. The attorneys of the municipality became aware of the intended legal action on 27 July 2017.			
	The Municipality has upgraded its financial system to incorporate the Municipal Standard Chart of Accounts (MSCOA) from 1 July 2017, as required by National Treasury.			
55	IN-KIND DONATIONS AND ASSISTANCE			
	No in-kind donations or assistance has been received during the financial year.			
56	PRIVATE PUBLIC PARTNERSHIPS			
	Council has not entered into any private public partnerships during the financial year.			

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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CONTINGENT LIABILITY

2018

1. Langeberg Municipality/ Springfield Marketing – Worcester Regional Court Case 253/2017. Claim against municipality for overpaid rates (REF LAN26/0200). Estimate of exposure R269 912.
2. Langeberg Municipality/ Breede River Construction –Awaiting trial date under High Court Case number 12171/2017 (REF LAN26/0119). Claim by the Municipality against the Defendant for damages cause by negligence. Estimated Exposure in respect of legal costs – R400 000.
3. Langeberg Municipality/ Rooiberg Winery (PTY) Ltd – No fruther legal action has been taken. Claim against the Municipality due to losses suffered as a result of breakdown in electricity supply amounting to R45 348.
4. The following public liability claims were instituted against Langeberg Municipality during the current financial year, however no further legal action has been taken:

- M Selani	Losses due to water pipe burst	R	58,779.55
- P Kleintjes	Losses due to water pipe burst	R	518,688.68
- Telkom Cable damage	Losses due to damaged Telkom cables	R	29,972.50
- J Mattheys	Losses due to water pipe burst	R	23,945.08
- L Vermeulen	Third party injury claim	R	100,000.00
- M Kotze	Losses due to municipal motor vehicle accident	R	40,000.00

2017

1. Langeberg Municipality/ Springfield Marketing – Worcester Regional Court Case 253/2017.Claim against municipality for overpaid rates (REF LAN26/0200). Estimate of exposure R200 000.
2. Langeberg Municipality/ Breede River Construction –Awaiting trial date under High Court Case number 12171/2017 (REF LAN26/0119). Claim by the Municipality against the Defendant for damages cause by negligence. Estimated Exposure in respect of legal costs – R400 000.

CONTINGENT ASSET

2018

Case Langeberg Municipality/Tony Quickleburg for Outstanding Rates and Levies of R348 426.

2017

Case Langeberg Municipality/Tony Quickleburg for Outstanding Rates and Levies of R348 426.

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RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

58.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date are disclosed in note 19 to the Annual Financial Statements.

58.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 30 to the Annual Financial Statements.

58.3 Other related party transactions

No purchases were made during the year where Councillors or staff have an interest.

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IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

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FINANCIAL SUSTAINABILITY

Management is of the opinion that will municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.

APPENDIX A - Unaudited
LANGEBERG MUNICIPALITY
LOAN REGISTER FOR THE YEAR ENDED 30 JUNE 2018

Financial Institution	Account Number	Contract Number	Redeemable	Interest Rate	Opening Balance (outstanding capital) 01/07/2017	Received During The Year / New Lease Agreement	Interest Paid	Installments during the year	Adjustments	Interest Payable Till 30/06/2018	Closing Balance (outstanding capital) 30/06/2018	Short-term portion	Balance at reporting date	Payments made in advance	Interest Payable Till 30/06/2018
ANNUITY LOANS															
DBSA	10287/102	61000738	31/03/2016	10.00%	0	-	-	-	-	-	0	-	-	-	-
DBSA	10287/202	61000739	30/09/2015	12.00%	-0	-	-	-	-	-	-0	-	-	-	-
DBSA	10422/102	61001087	31/03/2018	15.00%	126,913	-	13,996	136,334	-4,575	-	-0	-	-	-	-
DBSA	10422/203	61001088	30/09/2018	14.00%	102,916	-	11,791	75,843	-3,471	1,279	36,673	35,394	1,279	-	1,279
DBSA	11124/103	61001404	30/06/2019	16.00%	508,651	-	72,580	307,376	-	-	273,855	273,855	-	-	-
DBSA	11174/102	61001426	31/12/2018	16.50%	139,533	-	19,567	108,884	-	-	50,216	50,216	0	-	-
DBSA	11192/101	61001436	31/12/2018	15.75%	1,163,971	-	155,703	902,142	-	-	417,531	417,531	-	-	-
DBSA (Loan Fund)	11328/101	61001531	30/06/2014	13.22%	0	-	-	-	-	-	0	-0	0	-	-
DBSA (Public Debt Commissioner)	12350/101	61002371	30/06/2014	13.75%	-0	-	-	-	-	-	-0	0	-0	-	-
DBSA	13341/102	61003137	31/12/2019	16.50%	1,423,338	-	215,477	718,266	-	-	920,549	589,144	331,405	-	-
DBSA	13452/102	61003173	30/06/2020	8.808%	345,186	-	28,542	143,604	-	-	230,124	115,062	115,062	-	-
DBSA	13452/301	61003178	31/12/2019	8.808%	387,088	-	31,438	186,273	-	-	232,253	154,835	77,418	-	-
DBSA	13586/101	61003228	31/12/2020	10.153%	162,784	-	15,834	62,344	-	-	116,274	46,510	69,764	-	-
DBSA	13760/101	61003271	31/12/2020	9.683%	740,810	-	68,821	280,481	-	-	529,150	211,660	317,490	-	-
DBSA	99999/1	61004211	31/12/2024	9.683%	479,870	-	46,353	110,336	-	-	415,887	63,983	351,904	-	-
DBSA	102290/1	61000517	31/03/2027	8.800%	15,729,432	-	1,346,695	2,884,245	-353,933	304,616	14,142,566	1,537,550	12,605,016	-	304,616
TOTAL ANNUITY LOANS					21,310,490	-	2,026,800	5,916,129	-361,979	305,895	17,365,077	3,495,739	13,869,338	-	305,895
LEASE LIABILITIES															
TASKalfa 3510i	LH44702656		25/07/2018	15.25%	25,954	-	2,462	26,916	-1,500	-	-	-	-	-	-
TASKalfa 3510i	LH44702681		25/07/2018	15.25%	25,954	-	2,462	26,916	-1,500	-	-	-	-	-	-
TASKalfa M2535 DN	15267449		25/01/2019	16.50%	11,871	-	1,412	8,295	-419	-	5,062	4,568	494	494	-
TASKalfa 3551 Ci MFP	K581144		25/02/2019	16.50%	73,729	-	8,794	49,200	-2,462	-	33,761	30,860	2,901	2,901	-
TA 5551 ci MFP (Colour)	B5706424		25/01/2019	16.50%	132,498	-	15,757	92,585	-4,682	-	56,503	50,987	5,515	5,515	-
TA 5551 ci MFP (Colour)	B5706437		25/01/2019	16.50%	132,498	-	15,757	92,585	-4,682	-	56,503	50,987	5,515	5,515	-
TASKalfa 5551 Ci	B5706441		25/11/2018	16.50%	62,726	-	7,398	48,437	-2,501	-	22,132	19,186	2,946	2,946	-
TASKalfa 350i (Black)	44702675		25/11/2018	16.50%	62,726	-	7,398	48,437	-2,501	-	22,132	19,186	2,946	2,946	-
NEC SV8100 PABX	083414374210001		25/01/2019	16.50%	67,024	-	7,970	46,834	-2,368	-	28,582	25,792	2,790	2,790	-
NEC SV8100 PABX	2B0385BK700065		25/03/2019	16.50%	177,421	-	21,588	113,700	-5,613	-	86,309	79,696	6,612	6,612	-
NEC SV8100 PABX	ITL5BE 1P 10 Units		25/05/2019	16.50%	460,046	-	57,913	273,564	-13,141	-	246,735	231,254	15,481	15,481	-

APPENDIX A - Unaudited
LANGEBERG MUNICIPALITY
LOAN REGISTER FOR THE YEAR ENDED 30 JUNE 2018

Financial Institution	Account Number	Contract Number	Redeemable	Interest Rate	Opening Balance (outstanding capital) 01/07/2017	Received During The Year / New Lease Agreement	Interest Paid	Installments during the year	Adjustments	Interest Payable Till 30/06/2018	Closing Balance (outstanding capital) 30/06/2018	Short-term portion	Balance at reporting date	Payments made in advance	Interest Payable Till 30/06/2018
Olivetti d-Copia 3513MFP	V3L6606310		25/02/2020	16.50%	20,743	-	2,871	9,480	-403	-	14,206	7,786	6,421	474	-
Olivetti d-Copia 3513MFP	V3L6606309		25/02/2020	16.50%	20,743	-	2,871	9,480	-403	-	14,206	7,786	6,421	474	-
Olivetti d-Copia 3513MFP	V3L6606303		25/02/2020	16.50%	20,743	-	2,871	9,480	-403	-	14,206	7,786	6,421	474	-
Kyocera M2535 DN	LW16220247		25/07/2019	16.50%	16,197	-	2,096	9,000	-421	-	9,368	8,133	1,235	496	-
Kyocera M2535 DN	LW15Y05676		25/07/2020	16.50%	16,197	-	2,096	9,000	-421	-	9,368	8,133	1,235	496	-
SV 8100 NEC PABX	A44163500019		25/01/2020	16.50%	84,515	-	11,611	39,588	-1,705	-	56,841	32,959	23,882	2,008	-
List Radio links between Towns	Per list		25/09/2019	16.50%	814,642	-	107,914	425,520	-19,354	-	500,482	374,162	126,320	22,800	-
SV 8100 NEC PABX	Z1149000GB		01/11/2020	16.25%	-	110,242	9,144	32,779	-	-	88,633	33,187	55,446	2,025	-
Vodacom - Cell phones	Per List		30/09/2016	10.50%	-	-	-	-	-	-	-	-	-	-	-
Vodacom - Cell phones	Per List		31/07/2017	10.50%	117	-	1	118	-	-	-	-	-	-	-
Vodacom - Cell phones	Per List		31/10/2017	10.50%	2,783	-	65	2,848	-	-	-	-	-	-	-
Vodacom - Cell phones	Per List		30/11/2017	10.50%	9,289	-	245	9,534	-	-	-	-	-	-	-
Vodacom - Cell phones	Per List		01/04/2018	10.50%	4,150	-	184	4,334	-	-	-	-	-	-	-
Vodacom - Cell phones	Per List		01/05/2018	10.50%	5,818	-	284	6,102	-	-	-	-	-	-	-
Vodacom - Tablets Council	Per List		01/10/2018	10.50%	72,225	-	4,892	61,907	-	-	15,209	15,209	-	-	-
Vodacom - Tablets Council	Per List		01/12/2018	10.50%	43,286	-	3,134	33,017	-	-	13,403	13,403	-	-	-
					-	-	-	-	-	-	-	-	-	-	-
TOTAL LEASE LIABILITIES					2,363,894	110,242	299,191	1,489,656	-64,477	-	1,293,643	1,021,062	272,582	74,449	-
TOTAL LIABILITIES					23,674,384	110,242	2,325,991	7,405,785	-426,456	305,895	18,658,720	4,516,800	14,141,920	74,449	305,895

APPENDIX B - Unaudited
LANGEBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018
MUNICIPAL VOTES CLASSIFICATION

2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R		2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R
51,953,414	(41,484,887)	10,468,527	Community Services	31,169,260	(93,122,253)	(61,952,994)
24,968,486	(46,870,967)	(21,902,481)	Corporate Services	21,911,600	(42,269,004)	(20,357,404)
469,129,694	(404,496,802)	64,632,892	Engineering Services	467,878,490	(404,458,331)	63,420,159
762,490	(27,652,234)	(26,889,744)	Executive & Council	4,877,595	(28,069,643)	(23,192,048)
96,649,635	(28,324,370)	68,325,265	Finance	102,374,834	(31,915,378)	70,459,456
1,819,000	(19,851,212)	(18,032,212)	Strategy & Social Development	2,155,397	(19,235,681)	(17,080,284)
645,282,719	(568,680,472)	76,602,247	Sub Total	630,367,176	(619,070,290)	11,296,885
-	-	-		-	-	-
645,282,719	(568,680,472)	76,602,247	Total	630,367,176	(619,070,290)	11,296,885

**APPENDIX C - Unaudited
LANGEBERG MUNICIPALITY**
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R		2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R
762,490	(33,958,630)	(33,196,140)	Executive & Council	6,860,148	(34,330,569)	(27,470,421)
96,649,635	(28,324,370)	68,325,265	Budget & Treasury	102,374,834	(31,915,378)	70,459,456
2,563,579	(25,646,954)	(23,083,375)	Corporate Services	9,705,637	(28,160,681)	(18,455,043)
3,308,117	(7,902,182)	(4,594,064)	Planning & Development	3,961,604	(7,819,827)	(3,858,223)
13,883,984	(21,434,283)	(7,550,299)	Community & Social Services	10,879,055	(24,988,954)	(14,109,899)
37,477,434	(4,312,684)	33,164,750	Housing	19,384,239	(53,829,027)	(34,444,788)
22,685,258	(32,873,220)	(10,187,962)	Public Safety	12,522,382	(25,704,813)	(13,182,431)
821,361	(4,593,062)	(3,771,700)	Sport & Recreation	184,664	(4,162,055)	(3,977,391)
282,030	(14,266,642)	(13,984,612)	Environmental Protection	675,193	(14,004,914)	(13,329,720)
29,029,347	(31,097,213)	(2,067,866)	Waste Management	24,610,499	(31,560,465)	(6,949,966)
37,209,837	(16,059,437)	21,150,400	Waste Water Management	32,897,788	(16,674,471)	16,223,317
117,364	(18,993,186)	(18,875,821)	Road Transport	45,566	(18,296,036)	(18,250,470)
49,703,366	(35,082,288)	14,621,078	Water	53,702,456	(34,782,333)	18,920,122
350,788,917	(294,136,323)	56,652,594	Electricity	352,563,110	(292,840,767)	59,722,343
			Sub Total	630,367,176	(619,070,290)	11,296,885
			Total	630,367,176	(619,070,290)	11,296,885

**APPENDIX D - Unaudited
LANGEBERG MUNICIPALITY**
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
Restated

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	30 JUNE 2017	Prior Period Error	30 JUNE 2017	Grants Received	Repaid to Revenue Fund	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2018
	R	R	R	R		R	R	R	R
National Government Grants									
MSIG	-	-	-	-		-	-	-	-
Masterplans	49,027	-	49,027		(49,027)		-	-	-
MIG	-	-	-	21,950,000		-	(2,091,725)	(14,877,128)	4,981,146
Equitable Share	-	-	-	65,384,000		-	(65,384,000)	-	-
FMG	-	-	-	1,550,000		-	(1,550,000)	-	-
INEP	-	-	-	1,000,000		-	(122,800)	(877,200)	-
EPWP	-	-	-	1,866,000		-	(1,866,000)	-	-
Municipal Disaster Recovery	-	-	-	-		-	-	-	-
Department of Water Affairs	55,470	-	55,470	-	(55,470)		-	-	(0)
Provincial Government Grants									
Community Library Services Grant	82,160	-	82,160	3,000,000		-	(3,000,000)	(82,160)	0
Library Services - Replacement Funding for most vulnerable									
B3 Municipalities	354,775	-	354,775	5,570,000			(5,550,313)	(374,462)	-
Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure	-	-	-	-		-	-	-	-
Masakhane	37,307	-	37,307	-		-	(37,307)	-	(0)
Housing Consumer Education	-	-	-	-		-	-	-	-
Housing Emergency Grant	29,896	-	29,896	-	(29,896)		-	-	0
Job creation	128,050	-	128,050	-		-	(128,050)	-	-
Housing Home Sanitation	51,633	-	51,633	-		-	-	(51,633)	-
Housing	188	-	188	-	(188)		-	-	0
Dept Water Affairs	140,000	-	140,000	-	(140,000)		-	-	-
Training	-	-	-	256,829		-	(256,829)	-	-
Installation of Basic Services (Squatter Camps)	46,326	-	46,326	-		-	-	(46,326)	-
Public Transport Infrastructure	-	-	-	-		-	-	-	-
Human Settlements Development Grant (Beneficiaries)	1,221,353	-	1,221,353	21,068,704		-	(19,239,627)		3,050,430
Thusong Service Centre Operational Support Grant	-	-	-	-		-	-	-	-
Acceleration of Housing Delivery	-	-	-	4,450,000		-	-	(4,176,300)	273,700
Department of Sport	-	-	-	-		-	-	-	-
Western Cape Financial Management Support Grant	7,700	(7,700)	-	330,000		-	(330,000)	-	-
Western Cape Financial Management Capacity Building Grant	60,000	-	60,000	240,000		-	(60,000)	-	240,000
Local Government Graduate Internship	60,000	-	60,000	-		-	-	-	60,000
Municipal Capacity Building Grant	297,571	-	297,571	(297,571)		-	-	-	-
Fire Services Capacity Building Grant	-	-	-	800,000		-	(659,298)		140,702
Emergency Drought Relief	-	-	-	3,000,000		-	(3,000,000)	-	-
Community Development Workers Grant	-	-	-	19,000		(19,000)	-	-	-
CWDM:Upgrade of Ablution Facilities at King Edward Sport Grounds	-	-	-	50,000					50,000
Municipal Drought Relief Grant	-	-	-	4,200,000		-			4,200,000
District Municipality Grants									
ID Documents	-	-	-	-		-	-	-	-
Route 62 projects	1,193	-	1,193	-		-	(1,193)	-	(0)
PIMS	-	-	-	-		-	-	-	-
Pre-paid Watermeters	82,188	-	82,188	-	(11,897)		(70,291)	-	0
Ward Committees	38,964	-	38,964	-		-	(38,964)	-	0
PIMS	-	-	-	-		-	-	-	-
McGregor Dam	25,000	-	25,000	-	(25,000)		-	-	-
Bakery Project	187,868	-	187,868	-		-	(18,993)	-	168,875
Landfil site	-	-	-	-		-	-	-	-
Tarring of Streets	-	-	-	-		-	-	-	-
Cleanest Town	0	-	0	-		-	0	-	0
CDWM Cultural Events	126,230	-	126,230	-	(87,608)		-	-	38,622
Project Assistance-CWDM	-	-	-	450,000		-	(9,000)	-	441,000
Total	3,082,897	(7,700)	3,075,197	135,184,533	(297,571)	(311,476)	(99,861,701)	(24,144,506)	13,644,475

APPENDIX E1
LANGEBERG MUNICIPALITY

- Revenue and Expenditure (Standard Classification)

LANGEBERG MUNICIPALITY - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description R thousand	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	105,513	797	106,310	118,941		(12,630)	111.9%	112.7%				99,976
Executive and council	4,704	—	4,704	6,860		(2,156)	145.8%	145.8%				762
Finance and administration	100,809	797	101,607	112,080		(10,474)	110.3%	111.2%				99,213
Internal audit	—	—	—	—		—	—	—				—
Community and public safety	46,518	1,688	48,206	42,970		5,236	89.1%	92.4%				74,868
Community and social services	11,178	437	11,615	10,879		736	93.7%	97.3%				13,884
Sport and recreation	1,521	—	1,521	185		1,337	12.1%	12.1%				821
Public safety	—	—	—	12,522		(12,522)	—	—				22,685
Housing	33,819	1,251	35,070	19,384		15,686	55.3%	57.3%				37,477
Health	—	—	—	—		—	—	—				—
Economic and environmental services	55,695	(28,098)	27,597	4,682		22,915	17.0%	8.4%				3,708
Planning and development	27,570	(16,020)	11,550	3,962		7,588	34.3%	14.4%				3,308
Road transport	28,125	(12,078)	16,048	46		16,002	0.3%	0.2%				117
Environmental protection	—	—	—	675		(675)	—	—				282
Trading services	469,938	8,655	478,593	463,774		14,820	96.9%	98.7%				466,731
Electricity	345,071	3,000	348,071	352,563		(4,492)	101.3%	102.2%				350,789
Water	66,817	5,604	72,420	53,702		18,718	74.2%	80.4%				49,703
Waste water management	30,884	52	30,936	32,898		(1,962)	106.3%	106.5%				37,210
Waste management	27,166	—	27,166	24,610		2,556	90.6%	90.6%				29,029
Other	—	—	—	—		—	—	—				—
Total Revenue - Standard	677,665	(16,957)	660,708	630,367		30,340	95.4%	93.0%				645,283
Expenditure - Standard												
Governance and administration	108,128	2,472	110,600	94,407	—	16,194	85.4%	87.3%	—	—	—	87,930
Executive and council	32,585	(896)	31,689	34,331	—	(2,642)	103.3%	105.4%	—	—	—	33,959
Finance and administration	73,165	3,240	76,405	60,076	—	16,329	78.6%	82.1%	—	—	—	53,971
Internal audit	2,379	128	2,507	—	—	2,507	0.0%	0.0%	—	—	—	—
Community and public safety	88,453	(56)	88,397	108,685	—	(20,288)	123.0%	122.9%	—	—	—	63,213
Community and social services	26,915	719	27,633	24,989	—	2,644	90.4%	92.6%	—	—	—	21,434
Sport and recreation	24,671	(2,248)	22,423	4,162	—	18,260	18.6%	16.9%	—	—	—	4,593
Public safety	—	30	30	25,705	—	(25,675)	85682.7%	—	—	—	—	32,873
Housing	36,868	1,444	38,311	53,829	—	(15,518)	140.5%	146.0%	—	—	—	4,313
Health	—	—	—	—	—	—	—	—	—	—	—	—
Economic and environmental services	94,217	(18,054)	76,163	40,121	—	36,042	52.7%	42.6%	—	—	—	41,162
Planning and development	26,892	1,793	28,685	7,820	—	20,866	27.3%	29.1%	—	—	—	7,902
Road transport	67,325	(19,847)	47,477	18,296	—	29,181	38.5%	27.2%	—	—	—	18,993
Environmental protection	—	—	—	14,005	—	(14,005)	—	—	—	—	—	14,267
Trading services	386,610	(7,317)	379,293	375,858	—	3,435	99.1%	97.2%	—	—	—	376,375
Electricity	303,529	(10,487)	293,042	292,841	—	201	99.9%	96.5%	—	—	—	294,136
Water	33,909	(900)	33,009	34,782	—	(1,773)	105.4%	102.6%	—	—	—	35,082
Waste water management	19,696	3,496	23,192	16,674	—	6,517	71.9%	84.7%	—	—	—	16,059
Waste management	29,476	573	30,050	31,560	—	(1,511)	105.0%	107.1%	—	—	—	31,097
Other	—	1,193	1,193	—	—	1,193	0.0%	0.0%	—	—	—	—
Total Expenditure - Standard	677,409	(21,762)	655,646	619,070	—	36,576	94.4%	91.4%	—	—	—	568,680
Surplus/(Deficit) for the year	256	4,805	5,061	11,297	—	(6,236)	223.2%	4411.2%	—	—	—	76,602

APPENDIX E2

LANGEBERG MUNICIPALITY

- Revenue and Expenditure (Municipal Vote Classification)

LANGEBERG MUNICIPALITY - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - FINANCE	97,709	390	98,099	102,375		(4,276)	104.4%	104.8%				96,650
Vote 2 - EXECUTIVE & COUNCIL	4,704	–	4,704	4,878		(174)	103.7%	103.7%				762
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	2,653	60	2,713	2,155		558	79.4%	81.2%				1,819
Vote 4 - CORPORATE SERVICES	30,894	(11,731)	19,163	21,912		(2,748)	114.3%	70.9%				24,968
Vote 5 - ENGINEERING SERVICES	495,833	(7,365)	488,468	467,878		20,589	95.8%	94.4%				469,130
Vote 6 - COMMUNITY SERVICES	45,872	1,688	47,561	31,169		16,391	65.5%	67.9%				51,953
Total Revenue by Vote	677,665	(16,957)	660,708	630,367		30,340	95.4%	93.0%				645,283
Expenditure by Vote to be appropriated												
Vote 1 - FINANCE	31,857	1,900	33,757	31,915	–	–	94.5%	100.2%	–	–	–	28,324
Vote 2 - EXECUTIVE & COUNCIL	34,964	(768)	34,196	28,070	–	–	82.1%	80.3%	–	–	–	27,652
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	24,509	3,871	28,381	19,236	–	–	67.8%	78.5%	–	–	–	19,851
Vote 4 - CORPORATE SERVICES	64,480	(18,602)	45,878	42,269	–	–	92.1%	65.6%	–	–	–	46,871
Vote 5 - ENGINEERING SERVICES	435,913	(9,153)	426,760	404,458	–	–	94.8%	92.8%	–	–	–	404,497
Vote 6 - COMMUNITY SERVICES	85,686	969	86,675	93,122	6,447	–	107.4%	108.7%	–	–	–	41,485
Total Expenditure by Vote	677,409	(21,762)	655,646	619,070	6,447	36,576	94.4%	91.4%	–	–	–	568,680
Surplus/(Deficit) for the year	256	4,805	5,061	11,297		(6,236)	223.2%	4411.2%				

APPENDIX E3
LANGEBERG MUNICIPALITY

- Revenue and Expenditure (Revenue by Source and Expenditure by Type)

LANGEBERG MUNICIPALITY - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	50,886	–	50,886	46,521		4,364	91.4%	91.4%				43,075
Service charges - electricity revenue	337,841	3,000	340,841	318,188		22,653	93.4%	94.2%				337,632
Service charges - water revenue	47,865	(4,000)	43,865	27,388		16,477	62.4%	57.2%				37,725
Service charges - sanitation revenue	19,419	–	19,419	31,595		(12,176)	162.7%	162.7%				17,268
Service charges - refuse revenue	17,579	–	17,579	21,892		(4,313)	124.5%	124.5%				13,156
Service charges - other	–	–	–	2,402		(2,402)	–	–				–
Rental of facilities and equipment	3,785	–	3,785	2,888		897	76.3%	76.3%				2,714
Interest earned - external investments	7,174	–	7,174	10,773		(3,599)	150.2%	150.2%				5,931
Interest earned - outstanding debtors	2,386	–	2,386	2,608		(223)	109.3%	109.3%				1,779
Dividends received	–	–	–	–		–	–	–				–
Fines	21,675	(12,078)	9,597	3,253		6,345	33.3%	15.0%				9,515
Licences and permits	5,322	(3,968)	1,354	1,039		315	76.8%	19.5%				1,503
Agency services	99	4,669	4,768	3,930		838	82.4%	3981.2%				3,498
Transfers recognised - operational	116,406	(556)	115,850	99,862		15,988	86.2%	85.8%				112,069
Other revenue	12,338	(1,721)	10,618	17,880		(7,263)	168.4%	144.9%				35,818
Gains on disposal of PPE	1,294	–	1,294	7,945		(6,652)	614.1%	614.1%				597
Total Revenue (excluding capital transfers and contributions)	644,067	(14,654)	629,412	598,164,815		31,248	95.0%	92.9%				622,279
Expenditure By Type												
Employee related costs	184,040	(8,403)	175,637	165,954		–	94.5%	90.2%	–	–	–	157,957
Remuneration of councillors	10,135	144	10,278	10,202		76	99.3%	100.7%	–	–	–	9,234
Debt impairment	32,386	(17,970)	14,416	(331)		14,747	-2.3%	-1.0%	–	–	–	–
Depreciation & asset impairment	34,312	150	34,462	25,590		8,872	74.3%	74.6%	–	–	–	26,724
Finance charges	12,561	(2,116)	10,445	11,528		(1,083)	110.4%	91.8%	–	–	–	11,925
Bulk purchases	267,772	2,400	270,172	266,195		3,976	98.5%	99.4%	–	–	–	270,736
Other materials	–	14,013	14,013	63,908		(49,895)	456.1%	–	–	–	–	9,427
Contracted services	78,745	(14,235)	64,510	24,120		40,390	37.4%	30.6%	–	–	–	7,214
Transfers and grants	7,142	1,005	8,147	1,820		6,328	22.3%	25.5%	–	–	–	133
Other expenditure	49,777	3,251	53,028	42,067		10,961	79.3%	84.5%	–	–	–	75,864
Loss on disposal of PPE	540	–	540	–		540	0.0%	0.0%	–	–	–	257
Total Expenditure	677,409	(21,762)	655,646	611,052,875		44,594	93.2%	90.2%	–	–	–	569,470
Surplus/(Deficit)												
Transfers recognised - capital	(33,342)	7,108	(26,234)	(12,888)		(13,346)	49.1%	38.7%				52,809
Contributions recognised - capital	33,598	(2,303)	31,295	24,145		7,151	77.2%	71.9%				24,503
Contributed assets	–	–	–	40		(40)	–	–				–
Surplus/(Deficit) after capital transfers & contributions	256	4,805	5,061	11,297		(6,236)	223.2%	4411.2%				77,312
Taxation	–	–	–	–		–	–	–				–
Surplus/(Deficit) after taxation	256	4,805	5,061	11,297		(6,236)	223.2%	4411.2%				77,312
Attributable to minorities	–	–	–	–		–	–	–				–
Surplus/(Deficit) attributable to municipality	256	4,805	5,061	11,297		(6,236)	223.2%	4411.2%				77,312
Share of surplus/ (deficit) of associate	–	–	–	–		–	–	–				–
Surplus/(Deficit) for the year	256	4,805	5,061	11,297		(6,236)	223.2%	4411.2%				77,312

APPENDIX E4
LANGEBERG MUNICIPALITY

- Capital Expenditure by Vote, Standard Classification and Funding

LANGEBERG MUNICIPALITY - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2017/18								2016/17			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - FINANCE	—	—	—	—	—	—	—	—	—	—	—	—
Vote 2 - EXECUTIVE & COUNCIL	—	—	—	—	—	—	—	—	—	—	—	—
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	—	272	272	—	—	272	0%	—	—	—	—	1,920
Vote 4 - CORPORATE SERVICES	200	—	200	173	—	27	87%	87%	—	—	—	1,044
Vote 5 - ENGINEERING SERVICES	26,440	(11,444)	14,995	7,813	—	7,382	51%	29%	—	—	—	14,419
Vote 6 - COMMUNITY SERVICES	—	—	—	—	—	—	—	—	—	—	—	1,863
Capital multi-year expenditure	26,640	(11,173)	15,467	7,786	—	7,680	50%	29%	—	—	—	19,246
Single-year expenditure												
Vote 1 - FINANCE	570	—	570	568	—	2	100%	100%	—	—	—	—
Vote 2 - EXECUTIVE & COUNCIL	—	640	640	546	—	94	85%	—	—	—	—	—
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	2,500	—	2,500	2,257	—	243	90%	90%	—	—	—	766
Vote 4 - CORPORATE SERVICES	2,084	—	500	2,584	—	413	84%	104%	—	—	—	683
Vote 5 - ENGINEERING SERVICES	42,716	(11,564)	31,152	29,028	—	2,124	93%	68%	—	—	—	25,159
Vote 6 - COMMUNITY SERVICES	1,499	1,409	2,908	2,533	—	375	87%	169%	—	—	—	4,985
Capital single-year expenditure	49,369	(9,014)	40,355	37,102	—	3,252	92%	73%	—	—	—	31,353
Total Capital Expenditure - Vote	76,008	(20,187)	55,821	44,889	—	10,932	80%	59%	—	—	—	50,839
Capital Expenditure - Standard												
Governance and administration	2,870	1,676	4,546	3,451	—	1,095	0%	0%	—	—	—	3,342
Executive and council	—	536	536	—	—	536	0%	—	—	—	—	—
Finance and administration	2,870	500	3,370	2,944	—	426	87%	103%	—	—	—	—
Internal audit	—	640	640	507	—	133	79%	—	—	—	—	3,342
Community and public safety	21,149	(11,341)	9,809	4,650	—	5,158	0%	0%	—	—	—	6,928
Community and social services	950	1,257	2,207	1,925	—	282	87%	203%	—	—	—	6,658
Sport and recreation	20,181	(12,597)	7,583	2,711	—	4,872	36%	13%	—	—	—	136
Public safety	—	—	—	—	—	—	—	—	—	—	—	135
Housing	19	—	19	15	—	4	79%	79%	—	—	—	—
Health	—	—	—	—	—	—	—	—	—	—	—	—
Economic and environmental services	4,699	(767)	3,932	3,803	—	129	0%	0%	—	—	—	6,969
Planning and development	900	(767)	133	137	—	(4)	103%	15%	—	—	—	4,978
Road transport	3,799	(0)	3,799	3,666	—	133	96%	98%	—	—	—	1,000
Environmental protection	—	—	—	—	—	—	—	—	—	—	—	992
Trading services	47,290	(9,755)	37,534	32,985	—	4,550	0%	0%	—	—	—	33,599
Electricity	26,263	(19,317)	6,946	5,470	—	1,476	79%	21%	—	—	—	6,150
Water	21,027	8,727	29,754	27,163	—	2,591	91%	129%	—	—	—	9,914
Waste water management	—	335	335	352	—	(17)	105%	—	—	—	—	9,965
Waste management	—	500	500	—	—	500	0%	—	—	—	—	7,570
Other	—	—	—	—	—	—	0%	0%	—	—	—	—
Total Capital Expenditure - Standard	76,008	(20,187)	55,821	44,889	—	10,932	80%	59%	—	—	—	50,839
Funded by:												
National Government	33,598	(13,158)	20,440	15,754	—	4,686	77%	47%	—	—	—	19,558
Provincial Government	—	10,805	10,805	8,108	—	2,696	75%	—	—	—	—	4,985
District Municipality	—	50	50	—	—	50	0%	—	—	—	—	—
Other transfers and grants	—	—	—	—	—	—	—	—	—	—	—	—
Transfers recognised - capital	33,598	(2,303)	31,295	23,863	—	7,432	76%	71%	—	—	—	24,543
Public contributions & donations	—	—	—	—	—	—	0%	0%	—	—	—	—
Borrowing	20,124	(20,124)	—	—	—	—	0%	0%	—	—	—	—
Internally generated funds	22,286	2,241	24,526	21,026	—	3,500	86%	94%	—	—	—	26,296
Total Capital Funding	76,008	(20,187)	55,821	44,889	—	10,932	80%	59%	—	—	—	50,839

APPENDIX E5
LANGEBERG MUNICIPALITY
- Cash Flows

LANGEBERG MUNICIPALITY - Reconciliation of Table A7 Budgeted Cash Flows

Description R thousand	2017/18							2016/17
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, penalties and collection charges	48,814	1,563	50,377	40,600	9,776	80.6%	83.2%	462,772
Service charges	405,495	(660)	404,835	406,274	(1,439)	100.4%	100.2%	–
Other revenue	20,291	4,195	24,486	31,734	(7,249)	129.6%	156.4%	–
Government - operating	115,936	1,686	117,622	103,375	14,246	87.9%	89.2%	112,853
Government - capital	33,598	12,520	46,118	31,200	14,918	67.7%	92.9%	23,964
Interest	9,463	(2,288)	7,174	10,773	(3,599)	150.2%	113.9%	8,743
Dividends	–	–	–	–	–	0.0%	0.0%	–
Payments								
Suppliers and employees	(580,556)	4,512	(576,045)	(543,641)	(32,403)	94.4%	93.6%	(540,347)
Finance charges	(12,543)	2,099	(10,445)	(2,256)	(8,189)	21.6%	18.0%	(2,897)
Transfers and Grants	(7,142)	(1,005)	(8,147)	(1,820)	(6,328)	22.3%	25.5%	(133)
NET CASH FROM/(USED) OPERATING ACTIVITIES	33,355	22,620	55,975	76,241	(20,266)	136.2%	228.6%	64,955
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	754	–	754	8,392	(7,638)	1113.6%	1113.6%	1,766
Decrease (Increase) in non-current debtors	–	(3,500)	(3,500)	–	(3,500)	0.0%	0.0%	–
Decrease (increase) other non-current receivables	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–
Payments								
Capital assets	(76,008)	20,722	(55,286)	(46,595)	(8,691)	84.3%	61.3%	(51,063)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(75,255)	17,222	(58,033)	(38,203)	(19,830)	65.8%	50.8%	(49,297)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	20,124	(20,124)	–	–	–	–	–	–
Increase (decrease) in consumer deposits	405	93	498	1,119	(620)	224.4%	276.2%	949
Payments								
Repayment of borrowing	(4,232)	–	(4,232)	(5,126)	894	121.1%	121.1%	(4,591)
NET CASH FROM/(USED) FINANCING ACTIVITIES	16,297	(20,031)	(3,734)	(4,007)	273	107.3%	-24.6%	(3,642)
NET INCREASE/ (DECREASE) IN CASH HELD	(25,603)	19,811	(5,792)	34,030	(39,822)	-587.6%	-132.9%	12,016
Cash/cash equivalents at the year begin:	129,875	(14,770)	115,105	115,105	0	100.0%	88.6%	103,088
Cash/cash equivalents at the year end:	104,272	5,041	109,313	149,135	(39,822)	136.4%	143.0%	115,105